

Brandes Global Opportunities Fund

Fund Commentary

Despite strong absolute performance, 2017 overall was a difficult year for value investors on a relative basis, with the MSCI ACWI Value index underperforming the MSCI ACWI Growth Index by over 1,000 basis points. Given the market's strong appreciation and the difficult environment for value, Brandes LP's portfolio positioning continues to reflect its commitment to the value investing philosophy and its long-term focus.

During the fourth quarter of 2017, The Brandes Global Opportunities Fund underperformed its benchmark, the MSCI ACWI (All Country World) Index.

Positive Contributors

Financial holdings helped performance significantly, led by Russia-based Sberbank and Switzerland-based Credit Suisse.

Credit Suisse's shares rose as the company announced its intention to increase capital return to shareholders over the next few years, signaling that its capital position continues to improve.

Other contributors included U.S.-based pharmacy benefit manager Express Scripts and India-based electric utilities company Reliance Infrastructure.

Reliance Infrastructure saw its performance bounce back in December after announcing the sale of its Mumbai power generation and distribution business, helping reduce its debt.

Performance Detractors

For the Fund, main detractors included U.K.-based facilities management company Mitie and multiline retailer Debenhams.

Debenhams has continued to struggle in a difficult U.K. retail environment. The company's earnings declined in 2017 due partly to transformation costs as it tries to adapt to customer online-retail preferences.

Additionally, the Fund's holdings in Mexico hurt returns, most notably real estate investment trusts Macquarie Mexico Real Estate Management and Fibra Uno.

Select Buy & Sell Activity

The All-Cap Investment Committee exited the Fund's position in U.K.-based Willis Towers Watson (WTW).

The Fund first purchased Willis Towers Watson several years ago when the company was known as Willis Group and was the world's third-largest insurance broker. At the time, WTW had significantly underperformed the benchmark since the onset of the global financial crisis as the market was concerned about its balance sheet.

The investment committee found the valuation for WTW compelling. The insurance brokerage business was relatively stable with good cash conversion characteristics. The top three players, including WTW, had been increasing market share through acquisitions, resulting in scale advantages and geographic diversification.

Ultimately, concerns about WTW's balance sheet abated as credit markets began to recover and the company was able to use its cash to reduce financial leverage. In 2015, WTW merged with human resources consulting firm



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Towers Watson to enhance both companies' growth prospects and gain potential scale advantages in the combined sales force. In the years since the merger, the market has become more optimistic about the company's prospects, leading to a share-price appreciation and our subsequent decision to divest the position.

Current Positioning

At Brandes LP, the investment process focuses on bottom-up analysis. As such, the Fund's country and industry weightings are the result of Brandes LP's research-driven stock selection and reflect its convictions.

As of December 31, the Fund held key overweights in real estate and consumer discretionary, and key underweights in information technology and financials.

From a country standpoint, the Fund maintained a large underweight in the United States and a notable overweight in the United Kingdom. Additionally, Brandes LP continues to find many value opportunities in emerging markets, with over a third of the Fund allocated to companies in this region at year end. Companies in Brazil,

South Korea and Mexico represented key areas of exposure.

The Brandes Global Opportunities Fund continues to be composed of companies Brandes LP holds with deep conviction, because it believes they are undervalued relative to its estimates of their true worth. Regardless of the markets' direction in 2018, Brandes LP will remain true to its mission to seek mispriced securities worthy of inclusion in client portfolios.

About Brandes LP

In the 40-plus years since Brandes LP was founded, its goal has remained the same: pursue above-market gains to help investors move closer to their long-term investment objectives. Brandes LP believes that its unwavering commitment to value investing will lead it to attractively priced, fundamentally sound companies worthy of inclusion in the Fund.



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Contribution Analysis (relative to benchmark)

LAST QUARTER				LAST 12 MONTHS			
INDUSTRY				INDUSTRY			
Top 5 Contributors		Top 5 Detractors		Top 5 Contributors		Top 5 Detractors	
	%		%		%		%
Automobiles	0.37	Equity Real Estate Inv. Trusts (REITs)	-0.43	Banks	0.90	Internet Software & Services	-1.43
Auto Components	0.23	Commercial Services & Supplies	-0.39	Household Durables	0.45	Software	-0.94
Household Durables	0.22	Multiline Retail	-0.39	Electric Utilities	0.42	Semicond. & Semicond. Equip.	-0.90
Health Care Prov. & Services	0.22	Pharmaceuticals	-0.35	Multi-Utilities	0.42	Real Estate Mgmt & Development	-0.71
Real Estate Mgmt & Development	0.21	Internet Software & Services	-0.32	Food & Staples Retailing	0.39	Chemicals	-0.60
COUNTRY				COUNTRY			
Top 5 Contributors		Top 5 Detractors		Top 5 Contributors		Top 5 Detractors	
	%		%		%		%
South Korea	0.73	United States	-2.52	Brazil	1.92	United States	-5.57
Russia	0.46	Mexico	-0.44	South Korea	1.04	United Kingdom	-0.95
Switzerland	0.28	Hong Kong	-0.25	Austria	0.55	China	-0.88
Sweden	0.19	United Kingdom	-0.23	Greece	0.27	Japan	-0.45
India	0.14	France	-0.17	Israel	0.25	Hong Kong	-0.35
COMPANY				COMPANY			
Top 5 Contributors		Top 5 Detractors		Top 5 Contributors		Top 5 Detractors	
	%		%		%		%
Sberbank Sponsored ADR	0.30	MITIE Group PLC	-0.39	Sberbank Sponsored ADR	0.64	Countrywide PLC	-0.55
Express Scripts Holding Co	0.28	Macquarie Mexico Real Est ORD	-0.25	Embraer S.A. ADR	0.58	Chesapeake Corp.	-0.48
Hyundai Mobis	0.28	Debenhams PLC ORD	-0.20	Erste Group Bank AG	0.57	Debenhams PLC ORD	-0.23
Honda Motor Co. Ltd.	0.23	Cemex SA de CV ADR	-0.18	ENGIE SA	0.48	Sistema JSFC	-0.20
Reliance Infrastructure Ltd.	0.23	Sanofi-Aventis	-0.17	China Yuchai Int'l Ltd.	0.47	Gazprom OAO	-0.20



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Quarterly Additions/Deletions

Additions	Deletions
Lotte Confectionery Co. Ltd.	M.D.C. Holdings Inc.
Owens & Minor Inc	Willis Towers Watson PLC
World Fuel Services Corp	



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