

Brandes U.S. Small Cap Equity Fund

Fund Commentary

Overall, 2017 was a difficult year for value investors on a relative basis, with the S&P 500 Value Index underperforming the S&P 500 Growth Index by over 1,100 basis points. Given the market's strong appreciation and the difficult environment for value, the Fund's positioning, while underperforming the benchmark for the year, continues to reflect Brandes LP's commitment to the value investing philosophy and its long-term focus.

Against this backdrop, the Brandes U.S. Small Cap Equity Fund underperformed its benchmark, the MSCI USA Small Cap Index.

Positive Contributors

The Fund's holdings in the Professional Services, Communications Equipment, and Health Care Equipment & Supplies industries were positive contributors to performance. Three of the largest individual contributors to performance were FTI Consulting Inc. (Professional Services), Houston Wire & Cable Co. (Trading Companies

& Distributors) and NETGEAR Inc. (Communications Equipment).

Performance Detractors

The Fund's holdings in Health Care Providers & Services, Pharmaceuticals and Oil, Gas & Consumable Fuels detracted from returns this quarter. Owens & Minor Inc. (Health Care Providers & Services), World Fuel Services (Oil, Gas & Consumable Fuels) and PDL BioPharma (Biotechnology) were three of the largest detractors from performance.

Current Positioning

At the close of the quarter, the Fund's largest industry weights were in Household Durables and Professional Services. Please note that while macro conditions are considered when Brandes LP determines valuation estimates for individual companies, the Fund's industry weightings are a by-product of bottom-up stock selection, not the result of top-down observations.

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

INDUSTRY			
Top 5 Contributors	%	Top 5 Detractors	%
Professional Services	0.87	Health Care Prov. & Services	-1.26
Communications Equipment	0.50	Oil, Gas & Consumable Fuels	-0.74
Health Care Equip. & Supplies	0.33	Pharmaceuticals	-0.60
Trading Companies & Dist.	0.31	Biotechnology	-0.39
Household Durables	0.25	Hotels, Restaurants & Leisure	-0.38

COMPANY			
Top 5 Contributors	%	Top 5 Detractors	%
FTI Consulting Inc.	0.56	Owens & Minor Inc	-1.29
Houston Wire & Cable Co	0.45	World Fuel Services Corp	-0.47
Resources Connection Inc.	0.35	Avadel Pharmaceuticals Plc Sponsorrec	-0.29
NETGEAR, Inc.	0.34	PDL BioPharma, Inc.	-0.29
Orion Marine Group Inc.	0.33	Digi International Inc	-0.15

LAST 12 MONTHS

INDUSTRY			
Top 5 Contributors	%	Top 5 Detractors	%
Household Durables	1.95	Electrical Equipment	-3.64
Communications Equipment	1.84	Health Care Prov. & Services	-1.72
Banks	1.03	Biotechnology	-1.51
Health Care Equip. & Supplies	0.82	Oil, Gas & Consumable Fuels	-1.11
Textiles, Apparel & Luxury Goods	0.58	Elect. Equip., Instr. & Components	-1.01

COMPANY			
Top 5 Contributors	%	Top 5 Detractors	%
Sierra Wireless	1.21	Babcock & Wilcox Enterpr	-3.65
M.D.C. Holdings Inc.	1.04	Owens & Minor Inc	-1.80
Beazer Homes USA Inc.	0.81	Chesapeake Corp.	-0.89
Invacare Corp	0.70	World Fuel Services Corp	-0.84
Movado Group Inc.	0.65	Resources Connection Inc.	-0.68



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Quarterly Additions/Deletions

Additions	Deletions
Patterson Cos Inc	Kelly Services Inc.
Scholastic Corp	Plantronics Inc.
Taylor Morrison Home Corp	Chesapeake Energy Corp 6.125% Feb 15/21
ACNB Corp	Utah Medical Products Inc
Edgewell Personal Care Co	
Evertec Inc	
Microstrategy Inc	
POPULAR INC	



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