Brandes Note: Iran/Middle East Conflict

Our thoughts are with those impacted by the escalating conflict in the Middle East. The Brandes investment team is closely monitoring the situation and evaluating our portfolio holdings for impacts to estimates of intrinsic value. The economic effects will depend on several factors, including the duration of the conflict, escalation by involved parties, and consequences for global energy markets.

What is the extent of our portfolio's direct and indirect exposure to Middle East?

The most obvious exposure is to the energy market, companies that have oil and liquid natural gas volumes from the region, beneficiaries of higher oil prices, as well as those where oil is a significant input cost, negatively impacting profitability. Specific to our oil and gas holdings, estimated volumes from the region range from 0% to ~30%. While the risk to global oil supply can be meaningful in the short term, at this point we have not identified any significant impact on the long-term intrinsic value estimates of our holdings.

Beyond energy, our portfolios have very little direct exposure to the Middle East. We have one holding domiciled in Israel, NICE, a leader in the global cloud customer experience software segment. Additionally, we have one IT services holding, Amdocs, which has a significant employee base in Israel. Similar to NICE, the revenue exposure to the region is minimal. More broadly, the revenue exposure of the Brandes portfolios in aggregate is very limited.

Indirect portfolio exposures include:

- Financials: Potential headwinds from slower global growth, tighter financial conditions, and increased market volatility.
- Luxury and travel: Reduced discretionary spending and curtailed international travel, particularly to and within the region.
- Shipping and logistics: Elevated disruption risk centered on the Strait of Hormuz, with knock-on effects for global trade flows, freight costs, and supply chain reliability.
- Defensive sectors (healthcare and consumer staples): Potential relative—and in some cases absolute—beneficiaries amid heightened geopolitical uncertainty.
- Aerospace and defense: Exposure to defense may benefit from potential increase in military spending, however, this may be offset by reduced travel demand.
- IT services: Operational and execution risk for holdings with significant assets, infrastructure, or employee bases in Israel.

It should be emphasized we consider any potential impact at the holding level when making investment decisions or evaluating our overall portfolio exposures.

Are there any immediate or anticipated impact of the ongoing conflict on the portfolio's performance, risk characteristics, or operational considerations?

At this stage, no. Markets and trading are operating as usual. We are actively monitoring the situation, assessing the impact with a sharp focus on the changing risks and will take measured action if necessary.

Are there any planned or potential adjustments to the portfolio positioning in response to this?

These events have global implications which in and of themselves may create investment risks and opportunities elsewhere around the world. Our Investment Committees are focused on assessing the changing environment while always seeking to make good long-term investments.

Conflicts such as the current one in the Middle East often lead to heightened market volatility, which can offer attractive investment opportunities for long-term investors. Indeed, Brandes has navigated various periods of crisis over the years; in each case, we carefully assessed the risk-reward tradeoffs at the company level, and when appropriate, made investment decisions that often diverged from the prevailing market sentiment. The foundation of this approach is a disciplined evaluation of risk and reward and a commitment to making well reasoned, long term decisions.

Brandes Investment Partners

Holdings as of February 28, 2026.

For more information on Brandes' strategies and holdings, visit Brandes.com.