

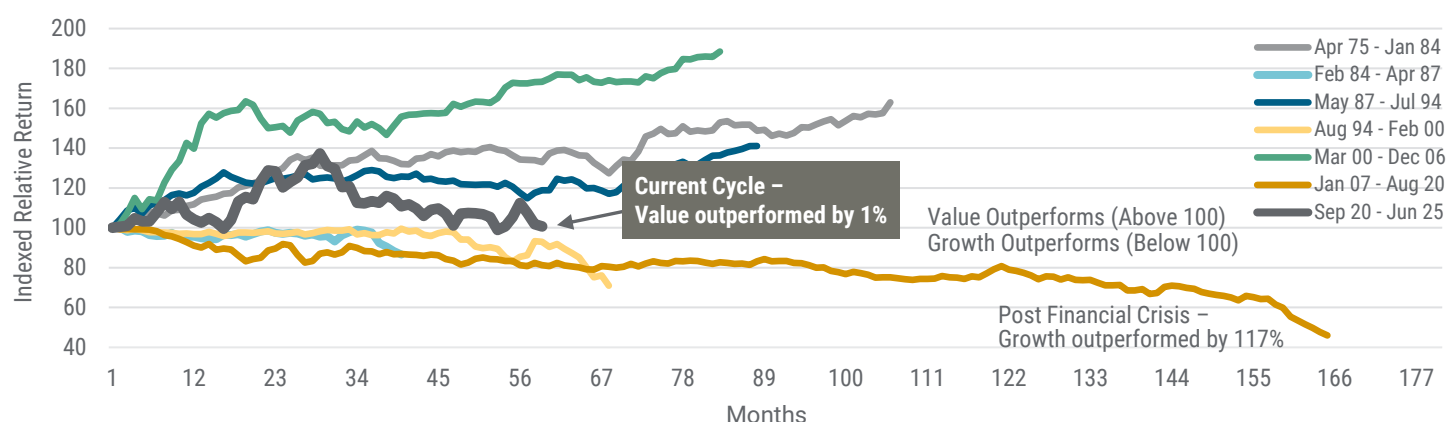
# Value from the Ground Up: Distinct Results Through Stock Selection

*With our disciplined and repeatable fundamental value investing approach, it may not be surprising that the Brandes Global Equity and International Equity strategies are levered to value—meaning they have tended to outperform their benchmarks when value stocks lead. But how much leadership from the value style is actually required for Brandes strategies to do well?*

Pfizer Monday in late 2020 marked a turning point for value stocks,<sup>1</sup> ending growth stocks' longest stretch of outperformance in history and ushering in a resurgence in value. While value has led since then, the path has been volatile and the performance gap has been narrow: For the period from 9/30/20 to 6/30/25, value outpaced growth by just 1% cumulatively (MSCI World Value vs. MSCI World Growth).

## Value/Growth Cycles

MSCI World Value/Growth Cycles - Indexed (100) Relative Return



DECEMBER 31, 1974 TO JUNE 30, 2025; RELATIVE RETURN OF MSCI WORLD VALUE INDEX VS MSCI WORLD GROWTH INDEX (100 INDEXED AT THE START OF EACH PEAK-TO-TROUGH CYCLE) | | Source: MSCI via FactSet. Data is indexed to a common starting point at the start of each relative performance cycle to facilitate comparison of figures with different magnitudes. It is not possible to invest directly in an index. Past performance is not a guarantee of future results. It is possible for one index to outperform another and still experience negative absolute performance. Index performance does not reflect Brandes investment performance. The inception date for the MSCI World Value and World Growth is December 8, 1997. Performance prior to this date is the result of back-testing performed by MSCI. There may be frequent material differences between back-tested performance and actual results.

Yet, despite this modest margin, the Brandes International Equity and Global Equity strategies have exceeded their benchmarks, while also performing better than its eVestment peer medians. In our view, this reflects the strength of our bottom-up stock selection process.

## Brandes vs. Benchmarks and Peers

Cumulative Returns 9/30/20 to 6/30/25



AS OF JUNE 30, 2025 | Brandes, eVestment. \*eVestment Global Large Cap Value Peer Median represented by the universe in the eVestment database. eVestment International Large Cap Value Peer Median represented by the universe in the eVestment database. eVestment peer median return calculated by taking the median return of the cumulative returns of all constituents of the respective eVestment universe. This hypothetical example is for illustrative purposes only. It does not represent the performance of any particular investment. Actual results may vary.

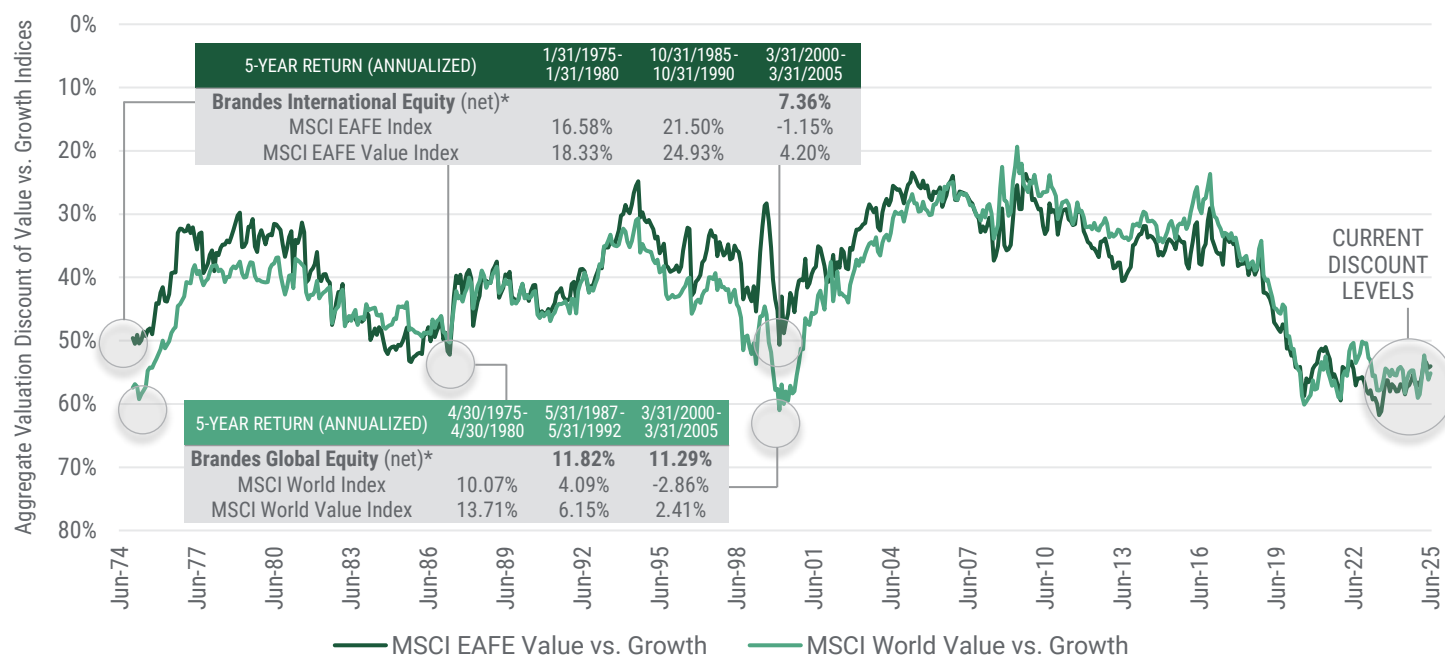
	1 YEAR	5 YEARS	10 YEARS		1 YEAR	5 YEARS	10 YEARS
Brandes Global Equity Composite (gross)	21.64	18.96	9.51	Brandes International Equity Composite (gross)	25.57	18.05	8.04
Brandes Global Equity Composite (net)	21.23	18.42	8.95	Brandes International Equity Composite (net)	25.03	17.54	7.54
MSCI World Index	16.26	14.54	10.65	MSCI EAFE Index	17.73	11.15	6.50
MSCI World Value Index	15.94	13.47	7.69	MSCI EAFE Value Index	24.24	14.29	6.05

AS OF JUNE 30, 2025 | Source: Brandes, MSCI. Total return – Composite performance gross and net of management fees. Periods of greater than one year have been annualized. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

As of June 30, 2025, value stocks traded at historically low valuation levels compared to growth stocks—across both the MSCI World and MSCI EAFE indexes. This is encouraging to us as such discount levels have tended to precede attractive relative returns for value.

## Value Stocks Relative Valuation

Valuation Relative to Growth Stocks vs. History



DECEMBER 31, 1974 TO JUNE 30, 2025 | Source: MSCI via FactSet. For each fundamental ratio (Price/Book, Price/Earnings, Price/Cash Flow, Forward Price/Earnings, Enterprise Value/Sales, Enterprise Value/Earnings Before Interest, Taxes, Depreciation, and Amortization), we calculate the average ratio of the Value Index and divide it by the average ratio of the Growth Index to determine the relative valuation. Aggregate valuation discounted based upon the average of each individual metric's valuation discount of the value index relative to growth. Please note that all indices are unmanaged and are not available for direct investment. Brandes composite performance is net of management fees. All returns annualized. Past performance is not a guarantee of future results. The examples are for illustrative purposes only. They do not represent the performance of any specific investments. Actual results will vary. \*Brandes Global Equity was inceptioned on 12/31/1977 and Brandes International Equity was inceptioned on 6/30/1990.

We believe there is a meaningful runway ahead for value to continue its momentum. Given our strong leverage to value, we're excited about the prospects of our strategies.

<sup>1</sup> Pfizer and BioNTech announced that their experimental COVID-19 vaccine was more than 90% effective. This news triggered a broad market rally and a surge in Pfizer's stock.

For term definitions: <https://www.brandes.com/termdefinitions>.

[Click here for the Brandes Global Equity GIPS Report.](#)

[Click here for the Brandes International Equity GIPS Report.](#)

**The MSCI EAFE Value Index** with net dividends captures large and mid cap securities across developed market countries, excluding the United States and Canada, exhibiting value style characteristics, defined using book value to price, 12-month forward earnings to price, and dividend yield. **The MSCI EAFE Index** with net dividends captures large and mid cap representation of developed market countries excluding the U.S. and Canada. **The MSCI EAFE Growth Index** with gross dividends captures large and mid cap securities across developed market countries, excluding the United States and Canada, exhibiting growth style characteristics, defined using long-term forward earnings per share (EPS) growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend, and long-term historical sales per share growth trend. **The MSCI World Value Index** captures large and mid cap securities across developed market countries exhibiting value style characteristics, defined using book value to price, 12-month forward earnings to price, and dividend yield. **The MSCI World Index** with net dividends captures large and mid cap representation of developed markets. **The MSCI World Growth Index** captures large and mid cap securities across developed market countries exhibiting growth style characteristics, defined using long-term forward earnings per share (EPS) growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend, and long-term historical sales per share growth trend.

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