Brandes Investment Partners
Core Plus Fixed Income Strategy Notes
Second Quarter 2026 (April 1 – June 30, 2026)

The Brandes Core Plus Strategy rose 0.89% net of fees and 0.96% gross of fees, and outperformed its benchmark, the Bloomberg U.S. Aggregate Bond Index, which rose 0.67% in the quarter.

Annualized total return as of June 30, 2026	1-year	5-year	10-year
Brandes Core Plus Fixed Income Composite (net)	3.64%	1.13%	2.06%
Brandes Core Plus Fixed Income Composite (gross)	3.92%	1.39%	2.33%
Bloomberg U.S. Aggregate Bond Index	3.79%	0.08%	1.54%

Past performance is not a guarantee of future results. One cannot invest directly in an index. Returns include reinvestment of all dividends and are reduced by any applicable foreign withholding taxes, without provisions for income taxes, if any. The 2026 returns are preliminary, unaudited and subject to change.

The second quarter brought a new Chairperson of the Federal Reserve (Fed), a continuation of the Iran conflict, resurgent inflation, and insatiable demand for capital from companies building out Artificial Intelligence (AI) infrastructure. Yet, for equity and fixed income market performance, as Sonny & Cher once sang: *The Beat Goes On*.

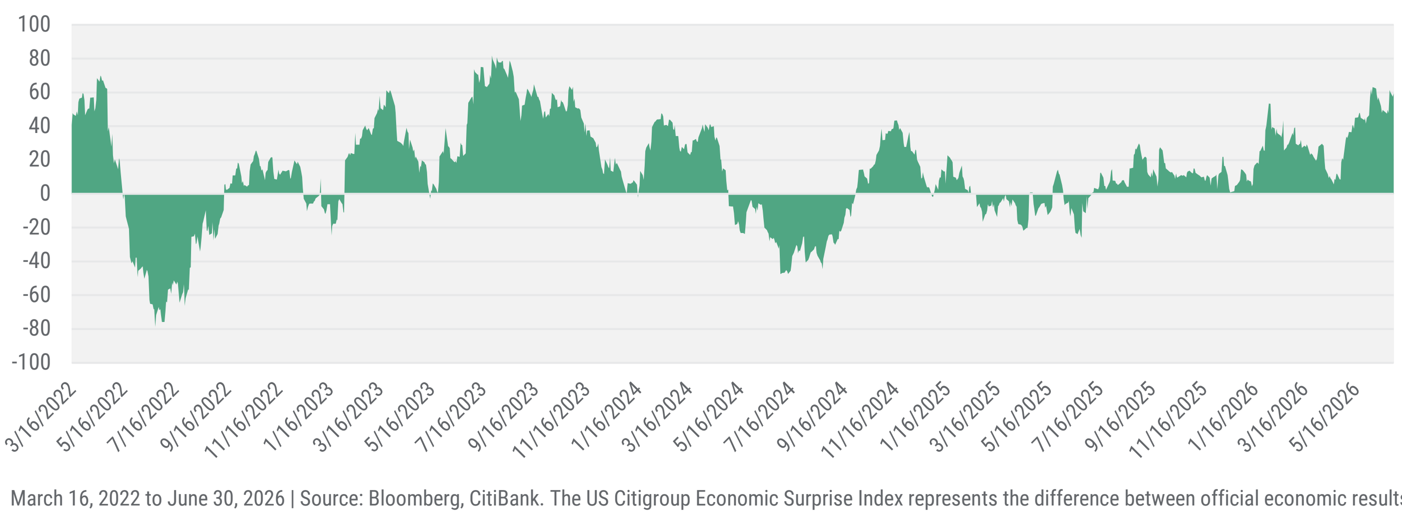
The S&P 500 Index set a new all-time high in June and yield spreads on taxable fixed income sectors spent the quarter hovering near the tightest levels over the last 30 years.

Market anticipation of the fed funds rate path continued to shift during the quarter. This has moved from expectations of additional rate cuts at the beginning of the year, through anticipation of a steady fed funds rate by end March, and by end June expectations had shifted to at least one rate increase by year-end. Many assumed that new Fed Chair Kevin Warsh would take his post with an implicit mandate from the White House to continue lowering rates. However, in the April FOMC meeting (Federal Open Market Committee) before Chair Warsh was confirmed, three Fed governors dissented from the Fed policy statement based on their desire to remove the easing bias from the statement. Their action emphasized that while he is the new Chair, Kevin Warsh only has one vote.

Additionally, the economy has been more resilient than anticipated. Consumer spending has been sustained despite high tariffs and energy prices. Business investment has surged largely due to AI infrastructure buildout.

To illustrate the point about underlying economic strength, Exhibit 1 shows the Citi Economic Surprise Index. Values above zero indicate that economic data releases have been stronger than expected. As the exhibit demonstrates, economic data has surprised to the upside for the better part of the past 12 months, and increasingly so—likely creating another hurdle for near-term interest rate cuts and potentially adding to the case for a rate increase before year-end.

Exhibit 1: Economic Data Continues to Surprise to the Upside Calling into Question the Need for Additional Rate Cuts
Citi Economic Surprise Index: A positive value means economic data releases have been stronger than expected



March 16, 2022 to June 30, 2026 | Source: Bloomberg, CitiBank. The US Citigroup Economic Surprise Index represents the difference between official economic results and forecasts. A positive US Citigroup Economic Surprise Index value means economic data releases have been stronger than expected.

__Portfolio Performance__
In the second quarter, the Brandes Core Plus strategy delivered positive returns and outperformed their benchmark, the Bloomberg U.S. Aggregate Bond Index.

Security selection positively contributed to performance. Select holdings in corporate bonds added to returns during the quarter, led by holdings in technology (Sabre Global and Pitney Bowes Inc.), pharmaceuticals (Organon and Baxter International), and communications (Fibercop and Univision Communications). Select holdings in banking (US Bank and PNC Financial) modestly detracted from returns.

Sabre Global was the strongest performer in the strategy. Sabre is one of the world's largest travel booking networks, connecting airlines, hotels, and travel agencies on a single platform. We initiated a position and subsequently added to our exposure in the second half of 2025. In our review of the company, we believed that the company was "controlling what it could control." Sabre had rolled out a new technology platform that was capturing market share from competitors, was free cash flow positive, and was focused on reducing leverage.

The primary reason that Sabre caught our eye as a potential value opportunity last year was that the company was facing significant macro headwinds that were negatively affecting bond prices: it had meaningful exposure to government travel and, therefore, was affected by last year's government shutdown; the rise in AI negatively affected equity and bond prices of many companies across the software industry; and the Iranian conflict's effect on energy prices further exacerbated travel industry concerns.

The government shutdown was ultimately resolved, and energy prices have begun to stabilize. With respect to the threat of AI, Sabre's vast travel database and content do not exist in the public domain, and the company's proprietary logic across over 200 countries and thousands of suppliers and partner network agreements would be difficult to reverse engineer. Sabre is working to introduce the first agentic AI for travel and has signed strategic partnership agreements that aim to position it to work with established companies and AI-native startups to develop new travel marketplace solutions. As Sabre continued to execute on its internal business improvement, some macro headwinds started to fade, and the market began to differentiate around AI threats. Accordingly, Sabre bonds were able to post solid performance.

We wanted to highlight our experience with Sabre Global because it illustrates our core value-based investment principles: bottom-up fundamental credit analysis, a long-term focus, and a willingness to look through short-term *noise*.

Term structure positioning was a neutral factor. We maintained the duration of the strategy at approximately 94% of the benchmark throughout the quarter. Interest rates moved higher at the short end of the yield curve as the market began to consider that the next fed funds move may be a shift upward rather than a long-expected continuation of rate cuts. Longer-term U.S. Treasury yields were only modestly higher.

The strategies underweight to agency mortgage-backed securities (MBS) aided performance, as agency MBS posted negative returns relative to U.S. Treasuries during the quarter.

With yield spreads hovering near their tightest levels in decades and a lack of overall volatility in the fixed income market, strategy activity was modest. The strategy added new positions in Baxter International Inc. (5.162% coupon, maturing 12/1/51, rated Baa3/BBB-) and American National Group Inc. (7.00% coupon, hybrid security, call date 12/1/30, final maturity 12/1/55, rated BB+).

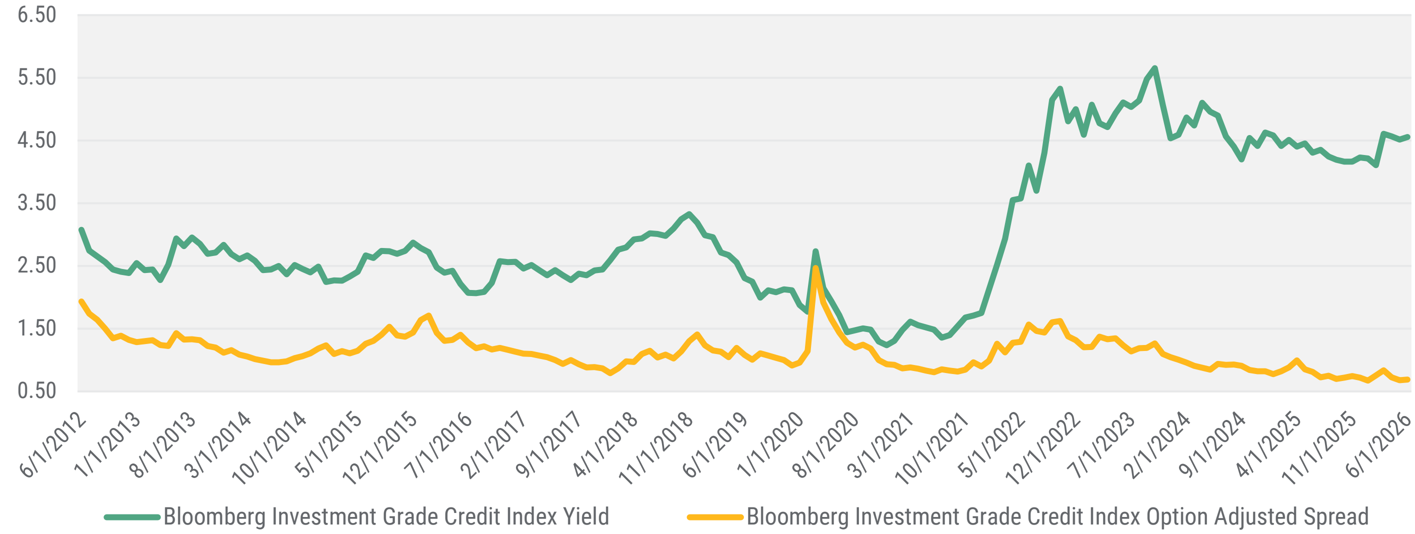
The strategy experienced a maturity in ADT Inc. and calls of positions in Sealed Air, Goldman Sachs, Travel + Leisure, and Univision Communications.

__Outlook__
As we enter the third quarter, taxable fixed income spread sectors appear to be priced for perfection in our view. Investors appear to be more focused on the absolute level of yields while largely ignoring what is going on *under the hood*.

Exhibit 2 illustrates this. While the overall yield on investment grade corporate bonds is at an attractive level, the increase in yield is mostly a reflection of the upward move in U.S. Treasury rates. The yield spread—or the extra compensation that an investor receives for taking the underlying credit risk—is the tightest it has been in the taxable fixed income universe in over thirty years. In other words, the amount that investors are getting paid for assuming credit risk is at its lowest point in the past three decades.

BRANDES
INVESTMENT PARTNERS

Exhibit 2: Corporate Investment Grade Bond Yields Have Surged
Driven by Increasing Treasury Yields Rather Than Credit Spreads



June 29, 2012 to June 30, 2026 | Source: Bloomberg

While investors are receiving less compensation for the credit risk they are taking, corporations are taking advantage of near-insatiable demand by issuing a staggering amount of bonds. By mid-May, total dollar-denominated corporate bond issuance crossed the $1 trillion barrier—the earliest in a calendar year that this threshold had ever been breached.

In summary, we believe fixed income yields are attractive, but corporate and mortgage-backed bonds are not cheap. *Complacency* is an apt description of the state of the fixed income market, in our view. We believe that successfully navigating the current market environment requires patience (don't *chase* yields) and places a premium on security selection (look *under the hood* at the underlying credit fundamentals).

Therefore, we continue to tilt the Brandes Core Plus strategy into what we believe is a defensive posture to mitigate some of the market uncertainty and potential for widening yield spreads. We believe that this remains a risk. Accordingly, the strategy continues to favor shorter-maturity corporate bonds and those that we believe exhibit strong, tangible asset coverage. We are managing the strategy duration at approximately 6% shorter than the benchmark. We have a meaningful allocation to U.S. Treasuries, and if market uncertainty and volatility continue to cause credit fundamentals to become mispriced relative to our estimates of intrinsic value, we will look to redeploy some of those Treasury holdings thoughtfully and effectively, as we did in the first quarter of this year to take advantage of opportunities.

We remain underweight agency mortgage-backed securities.

As we move forward, we believe prudence dictates that we continue our search for value in a measured and deliberate manner while continuing to tilt the strategy to what we believe is a relatively defensive posture.

Sincerely,

Timothy M. Doyle, CFA
Fixed Income Portfolio Manager

For term definitions, please refer to: https://www.brandes.com/termdefinitions.

For index definitions, please refer to: https://www.brandes.com/benchmark-definitions.

The portfolio characteristics shown relate to a single account deemed by Brandes to be generally representative of the strategy as of date noted. Not every account will have these exact characteristics. The actual characteristics with respect to any particular account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment. Data is updated on a quarterly basis.

Bond ratings are grades given to bonds that indicate their credit quality as determined by a private independent rating service such as Standard & Poor's ("S&P") or Moody's. These firms evaluate a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. S&P ratings are expressed by letters ranging from 'AAA', which is the highest grade, to 'D', which is the lowest grade. Moody's uses upper- and lower-case letters and numbers in its ratings, in which Aaa is the highest, Aa1 is one level lower, and C is the lowest grade. In limited situations when the rating agency has not issued a formal rating, the Advisor will classify the security as nonrated.

The information provided in this material should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that any security transactions, holdings, or sectors discussed were or will be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance discussed herein. Strategies discussed are subject to change at any time by the investment manager in its discretion due to market conditions or opportunities. Market conditions may impact performance. The performance results presented were achieved in particular market conditions which may not be repeated. Moreover, the current market volatility and uncertain regulatory environment may have a negative impact on future performance. The Brandes investment approach tends to result in portfolios that are materially different than their benchmarks with regard to characteristics such as risk, volatility, diversification, and concentration. Please note that all indices are unmanaged and are not available for direct investment. International and emerging markets investing is subject to certain risks such as currency fluctuation and social and political changes; such risks may result in greater share price volatility.

Unlike bonds issued or guaranteed by the U.S. government or its agencies, stocks and other bonds are not backed by the full faith and credit of the United States. Stock and bond prices will experience market fluctuations. Please note that the value of government securities and bonds in general have an inverse relationship to interest rates. Bonds carry the risk of default, or the risk that an issuer will be unable to make income or principal payment. There is no assurance that private guarantors or insurers will meet their obligations. The credit quality of the investments in the portfolio is no guarantee of the safety or stability of the portfolio. Investments in Asset Backed and Mortgage Backed Securities include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments.

United States: Issued by Brandes Investment Partners, L.P., 4275 Executive Square, 5th Floor, La Jolla, CA 92037.

Singapore/Asia: FOR INSTITUTIONAL/ACCREDITED INVESTOR USE ONLY. Issued by Brandes Investment Partners (Asia) Pte Ltd., The Gateway West, 150 Beach Road, #35-51, Singapore 189720. Company Registration Number 201212812M. ARBN:164 952 710. This document is for "institutional investors" or "accredited investors" as defined under the Securities and Futures Act, Chapter 289 of Singapore and may not be distributed to any other person. This document is being provided for information purposes only. Incorporated in Singapore in 2012, Brandes Investment Partners (Asia) Pte Ltd (Brandes Asia) provides portfolio management services to clients in Asia (as permitted under local law). Brandes Investment Partners, L.P., a U.S. registered investment adviser and a sister entity to Brandes Asia, provides research, portfolio construction and other support to Brandes Asia.

Canada: FOR REGISTERED DEALERS AND THEIR REGISTERED SALESPERSONS' USE ONLY. NOT FOR DISTRIBUTION TO INVESTORS. Distributed by Brandes Investment Partners & Co., 6 Adelaide Street East, Suite 900, Toronto, ON, M5C 1H6. This communication is for information purposes only and should not be regarded as a sales communication or as advice regarding any financial product or services.