

Brandes Investment Partners**U.S. Value Equity Strategy Notes****Fourth Quarter 2025 (October 1 – December 31, 2025)**

The Brandes U.S. Value Equity Strategy rose 5.17% net of fees and 5.27% gross of fees in the quarter, outperforming its benchmark, the Russell 1000 Value Index, which was up 3.81%.

| Annualized total return as of December 31, 2025 | 1-year | 5-year | 10-year |
|--|---------------|---------------|----------------|
| Brandes U.S. Value Equity Composite (net) | 16.93% | 13.43% | 12.21% |
| Brandes U.S. Value Equity Composite (gross) | 17.40% | 13.99% | 12.88% |
| Russell 1000 Value Index | 15.91% | 11.32% | 10.52% |

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.

Positive Contributors

Health care and technology were two of the strongest performing sectors during the quarter, driven by continued strength in semiconductor demand and easing investor concerns in IT services and health care.

Cardinal Health led gains in the health care space, supported by solid operational execution and resilient demand for medical products. Pharmaceutical firm Merck rebounded sharply after being a detractor earlier this year, as sentiment about its pipeline improved and perception about growth after its Keytruda patent expiration brightened. In technology, EPAM Systems and Cognizant recovered from prior weakness as fears surrounding AI disruption in IT services began to subside, allowing investors to refocus on their strong client relationships and digital transformation capabilities. Meanwhile, Micron maintained its momentum, fueled by robust memory demand tied to AI infrastructure.

Other notable contributors included FedEx and Knight Swift, both of which were detractors earlier this year, and Citigroup. FedEx benefited from cost optimization initiatives and improving freight volumes, while Knight Swift saw stabilization in trucking demand after a challenging first half of the year. For Citigroup, restructuring efforts and capital discipline reinforced investor confidence.

Performance Detractors

The largest detractor for the quarter was Fiserv, which declined significantly after lowering its growth and margin outlook. The market reacted negatively to its revised guidance and restructuring, as well as the unexpected impact of its Argentinian operations which had inflated prior growth. Although the company's short-term results may be challenged as it invests in a turnaround, we believe Fiserv's core business should continue to benefit from long-term trends in digital payments. While Fiserv's current market valuation reflects a highly pessimistic view of the company, we see opportunities for recovery over time through operating improvements. The turnaround will likely take patience, and for now we're maintaining our existing position without adding further as we monitor progress under new leadership and look for signs of stabilization before adjusting our exposure.

Other detractors included health care holding Labcorp, flooring manufacturer Mohawk Industries, food distributor Sysco, and auto parts retailer AutoZone, all of which faced headwinds from weaker demand during the quarter. While these holdings detracted from quarterly performance, our investment theses for them remain intact, and we believe their fundamentals and valuations support long-term upside.

Select Activity in the Quarter

The investment committee initiated new positions in machinery company Allison Transmission Holdings and insurer Progressive Corp.

Allison Transmission is a leading manufacturer of commercial-duty automatic transmissions, with a dominant position in medium- and heavy-duty trucks and defense vehicles. Market skepticism around electrification has weighed on the stock,

but we believe these concerns are overstated given Allison's focus on vocational trucks and defense applications, where electrification adoption is slower. We appreciate Allison's strong free-cash-flow generation and historically shareholder-friendly capital management. Our thesis centers on Allison's ability to adapt to evolving drivetrain technologies while maintaining pricing power and market leadership, with potential catalysts including continued strength in defense contracts, expansion into hybrid solutions, and disciplined share buybacks and dividends. Trading at a discount to historical averages and peers, Allison offers an attractive risk-reward profile to us.

Progressive Corp, one of the largest auto insurers in the U.S., is a high-quality franchise with industry-leading underwriting profitability and a well-established direct-to-consumer distribution model. Concerns over rising claims severity and competitive pricing pressures have driven the stock out of favor, leading it to trade a modest discount to historical price/earnings multiples despite its superior combined ratio and scale advantages. With its technology-driven underwriting and strong brand, we believe Progressive stands to benefit from stabilizing claims trends, continued market share gains, and margin improvement as pricing adjusts to inflationary pressures.

Besides the new buys, other portfolio activity included the full sale of consumer finance firm OneMain Holdings. We initiated a position in OneMain in 2021 based on its leadership in nonprime consumer lending and robust risk-adjusted returns. Over the holding period, OneMain delivered meaningful earnings growth and shareholder returns through dividends and buybacks. As credit normalization risks increased, and with OneMain's share price approaching our estimate of intrinsic value, we decided to redeploy the capital into what we consider more compelling opportunities. In our view, the investment in OneMain exemplifies our philosophy of buying undervalued businesses with strong fundamentals, and divesting when valuation converges with intrinsic value.

Year-to-Date Briefing

The Brandes U.S. Value Equity Strategy gained 16.93% net of fees and 17.40% gross of fees, outperforming the Russell 1000 Value Index, which rose 15.91% for the year ended December 31, 2025.

Value stocks (Russell 1000 Value) slightly lagged the broader market (Russell 1000) in 2025, although they did outperform in the first and fourth quarters. Enthusiasm around AI ebbed and flowed during the year, at times sparking concerns about overheated market valuations.

Within the portfolio, standout performers included holdings in health care and technology, such as CVS, HCA Healthcare, McKesson, and Cardinal Health, as well as Micron and Flex. Select financials holdings also helped returns, most notably BNY Mellon and Citigroup.

As was the case for the quarter, the largest detractor for the year was Fiserv. Other poor performers included Comcast and Westlake. Comcast faced structural challenges in broadband growth, while Westlake was pressured by weaker chemical demand. Additionally, although they rebounded in the fourth quarter, IT services holdings (e.g., Amdocs, Cognizant) detracted from performance for the year overall.

Current Positioning

Given increased market pessimism toward health care stocks in general, it is not surprising that we have found more compelling opportunities in the sector over the past year, resulting in a higher allocation and larger overweight position at year end. Conversely, following the strong performance of several technology and financials holdings, we have trimmed our exposure, ending the year with slight underweights in both sectors. Additionally, we now have an underweight to communication services, as the benchmark's weighting to the sector nearly doubled this year with the addition of Alphabet and Meta to the value index.

In the fourth quarter, the valuation gap between value and growth stocks (MSCI USA Value vs. MSCI USA Growth) narrowed slightly, but value stocks continue to trade in their least expensive quartile relative to growth since the inception of the style indices. This valuation disparity is evident across various metrics, such as price/earnings, price/cash flow, and enterprise value/sales. Historically, such valuation differentials have often signaled compelling subsequent returns for value stocks over longer-term horizons. This is encouraging to us because our portfolio, guided by our value philosophy

and process, has tended to outperform the Russell 1000 Value benchmark when the benchmark has outperformed the broader Russell 1000 Index. We saw examples of that occurring this year during the first and fourth quarters.

Amid a concentrated U.S. market, we believe it is important for investors to ensure that their portfolios are not overexposed to a certain sector or theme. With our index-agnostic approach, the Brandes U.S. Value Equity Strategy continues to look different than both the Russell 1000 Index and the Russell 1000 Value Index, making it a compelling complement to passive and growth-oriented strategies.

We remain confident about the risk-reward profile of our holdings and are optimistic about the strategy's long-term prospects.

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

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

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