Beyond Peaks and Valleys:
The Pursuit of Alpha

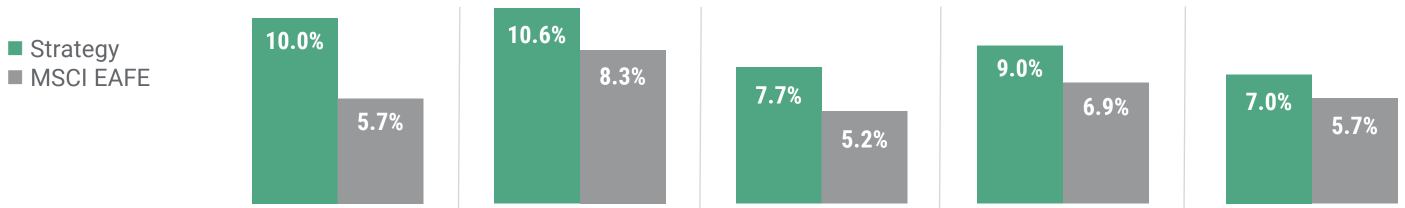
Having closed out 2025 with solid performance for our Brandes International Equity Strategy, we've been encouraged to see how our disciplined value investing approach has helped clients pursue their long-term goals. At the same time, we would be remiss not to acknowledge the cyclicality of markets and the reality that periods of underperformance are an inevitable part of any manager's journey. Assessing a manager's ability to generate attractive long-term returns solely on short term outcome, whether it be positive or negative, may lead to flawed conclusions. Markets tend to move in cycles, and even long-tenured, process-driven managers will experience stretches where results lag. Viewed through a long-term lens, these temporary challenges often reflect consistency in philosophy rather than any breakdown in process.

The Rocky Road to Outperformance

Our analysis examines several actively managed non-U.S. strategies in the eVestment database applying various investing styles (e.g., value, core, growth). Each of them has a track record of at least 20 years—on its own a notable achievement amid the rising popularity of passive investing. Since their respective inception, these strategies have outperformed the MSCI EAFE Index by what we consider impressive multiples.

Returns Since Inception

Annualized Returns vs. MSCI EAFE Since Product Inception



	Brandes International Equity (6/30/90)	Capital Group EUPAC (4/16/84)	Harding Loevner International Equity (12/31/89)	MFS International Growth Equity (10/1/01)	Wellington International Opportunities (4/30/94)
Cumulative Excess Return Since Inception	2275%	3780%	832%	303%	271%
Morningstar Category	Large Value	Large Growth	Large Blend	Large Growth	Large Blend

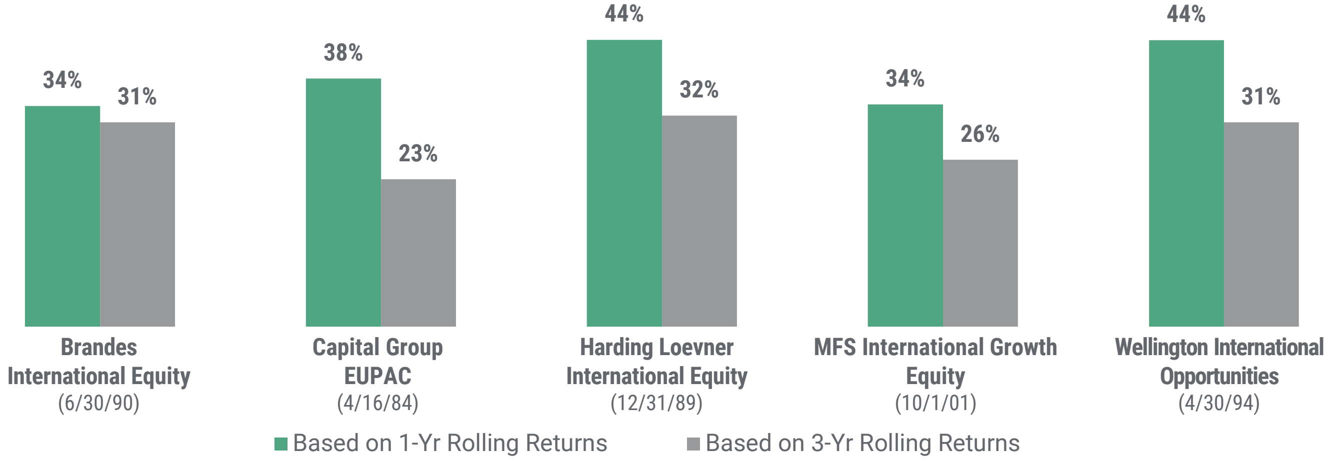
	1 Year	5 Years	10 Years
Brandes International Equity Composite (gross)	21.02	19.27	10.30
Brandes International Equity Composite (net)	20.49	18.76	9.79
MSCI EAFE Index	14.99	11.15	8.16
MSCI EAFE Value Index	22.53	15.65	8.15

AS OF DECEMBER 31, 2025 | Source for "Returns Since Inception" chart: Brandes, MSCI, eVestment (return data), Morningstar. Performance net of management fees (%). Returns include reinvestment of all dividends and are reduced by any applicable foreign withholding taxes, without provisions for income taxes, if any.
Source for Brandes International Equity performance table: 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.

Yet, the journey has been far from linear. Each strategy experienced periods of lagging the MSCI EAFE Index. In fact, they underperformed the index 30-45% of the time based on one-year rolling returns since inception (observed quarterly), with streaks lasting up to 13 consecutive quarters. Even on a three-year rolling basis, the pattern persists: **underperformance is often a part of achieving long-term investment success.**

The Long Game: Underperformance Is Often Part of Long-Term Performance Success

% of Time Underperforming MSCI EAFE Since Inception



AS OF DECEMBER 31, 2025 | Source: Brandes, MSCI, eVestment (return data). Net of management fees. Past performance is not a guarantee of future results. It is not possible to invest directly in an index. Rolling periods represent a series of overlapping, smaller time periods within a single, longer-term time period. Rolling returns are observed on a quarterly basis. The inception date for the MSCI EAFE Value Index is December 8, 1997. Data prior to this date is the result of backtesting performed by MSCI. There may be frequent material differences between backtested and actual performance.

Markets ebb and flow, and with them, performance leadership shifts. Over the past 10 calendar years, none of these strategies, each applying a distinct investing style, consistently ranked in top quartile across all periods. This reinforces our belief that **a bumpy road does not necessarily reflect a manager's ability to generate attractive long-term results.**

Markets Cycle, and So Does Performance Leadership

*Quartile Ranking (compared to eVestment ACWI ex-US Large Cap Equity universe)**

Strategy	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10-Yr	20-Yr
Brandes International Equity	1st	4th	1st	4th	4th	1st	1st	1st	2nd	1st	1st	2nd
Capital Group EUPAC	3rd	2nd	3rd	2nd	1st	4th	4th	3rd	3rd	3rd	3rd	2nd
Harding Loevner International Equity	1st	2nd	2nd	3rd	2nd	3rd	3rd	3rd	4th	3rd	2nd	1st
MFS International Growth Equity	2nd	1st	1st	2nd	2nd	2nd	2nd	3rd	1st	3rd	1st	1st
Wellington International Opportunities	2nd	4th	4th	2nd	2nd	3rd	3rd	4th	1st	2nd	3rd	1st

AS OF DECEMBER 31, 2025 | *See Appendix for returns. Source: Brandes, eVestment (return data). Performance net of management fees. Rankings show the rank of the strategies' returns for each period within the eVestment ACWI ex-US Large Cap Equity universe; 1st quartile = top 25%, 4th quartile = bottom 25%. As of 12/31/25, there were 160 products included in this eVestment universe. Returns include reinvestment of all dividends and are reduced by any applicable foreign withholding taxes, without provisions for income taxes, if any. 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.

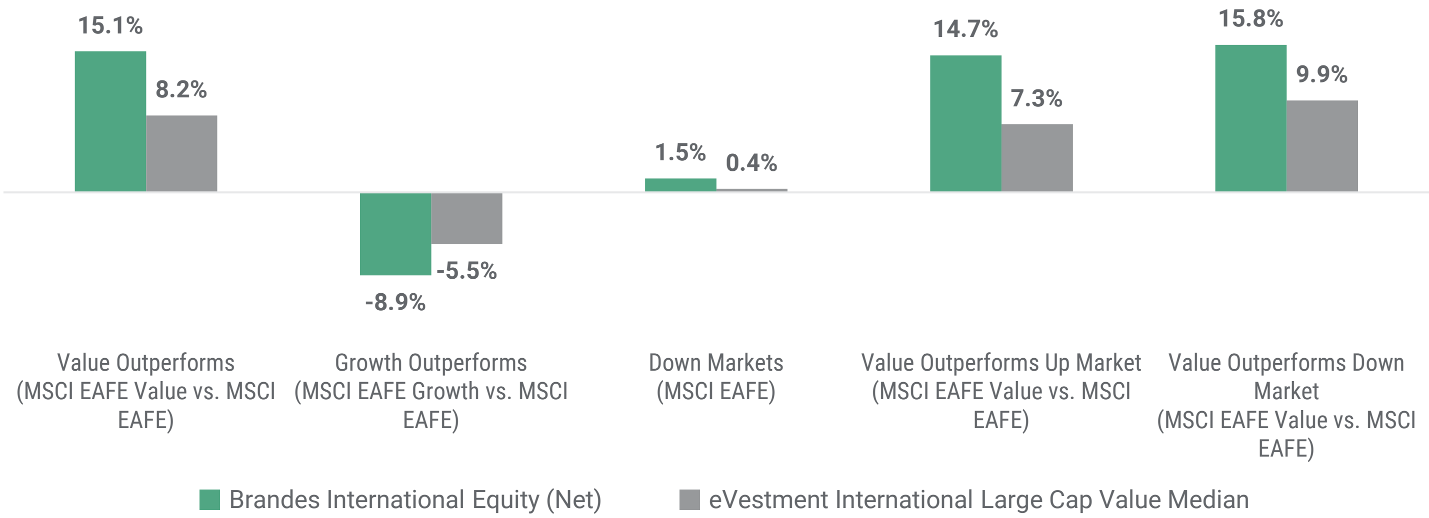
Perspective Matters

In our view, evaluating a strategy solely on annual or even three-year returns can be misleading. Instead, investors should assess *whether a strategy has fulfilled its intended role within the overall portfolio*. For example, a value-oriented strategy should have the tendency to do well during value-driven cycles, while growth strategies should be able to deliver alpha in growth-led periods.

At Brandes, we take pride in our disciplined approach to value investing. Our firm is purpose-built to support this philosophy—from being 100% employee-owned and having team-based decision-making to our research process, which is grounded in the long-term "business owner's perspective." As a result, our Brandes International Equity Strategy has generated stronger alpha (vs. the MSCI EAFE Index) compared to most value peers (represented by eVestment International Large Cap Value universe) during value-led cycles. While this consistency has led to periods of underperformance, clients can be confident that we remain true to our mandate: providing an authentic value exposure within a diversified portfolio.

Brandes International Equity Tended to Do Well in Value-Led Periods

10-Yr Average Monthly Annualized Alpha (vs. MSCI EAFE)



AS OF DECEMBER 31, 2025 | Source: Brandes, eVestment. Net of management fees. eVestment International Large Cap Value Peer Median represented by the universe in the eVestment database. As of 12/31/25, there were 31 products included in this eVestment universe. Average monthly annualized alpha is the average of the monthly alpha of the represented time periods then annualized. Past performance is not a guarantee of future results. It is not possible to invest directly in an index. This hypothetical example is for illustrative purposes only. It does not represent the performance of any particular investment. Actual results may vary.

We believe that looking beyond short-term performance and focusing on longer-term return potential and patterns, as well as the firm's process and people, can help investors select strategies best suited for their long-term objectives.

APPENDIX

Strategy	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		10-Yr	20-Yr
Brandes International Equity	7.66	16.02	-9.43	14.88	-1.79	13.68	-7.90	30.77	7.61	39.12		10.10	6.38
Capital Group EUPAC	1.14	31.21	-14.84	27.08	24.57	2.62	-22.71	15.94	4.91	28.94		8.33	6.56
Harding Loevner International Equity	5.48	30.01	-13.82	25.48	20.81	8.74	-20.15	15.51	1.81	27.60		8.85	7.32
MFS International Growth Equity	2.78	33.10	-8.71	27.60	15.92	9.77	-15.00	15.09	9.36	21.49		10.18	7.75
Wellington International Opportunities	1.35	25.06	-18.75	26.65	20.22	8.09	-18.17	12.15	8.94	30.37		8.25	7.01

CALENDAR YEAR AND ANNUALIZED RETURNS AS OF DECEMBER 31, 2025 | Source: Brandes, eVestment. Returns are based on composite performance. Past performance is not a guarantee of future results.

Click here for additional information on the Brandes International Equity strategy.

Alpha: A measure of performance based on the excess return of an investment relative to the return of a benchmark index.

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 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 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.