BRANDES
INVESTMENT PARTNERS

Brandes Investment Partners
Emerging Markets Equity Strategy Notes
Fourth Quarter 2025 (October 1 – December 31, 2025)

The Brandes Emerging Markets Equity Strategy returned 8.47% net of fees and 8.56% gross of fees, outperforming its benchmark, the MSCI Emerging Markets Index, which was up 4.73% in the quarter, and the MSCI Emerging Markets Value Index, which gained 6.37%.

Annualized total return as of December 31, 2025	1-year	5-year	10-year
Brandes Emerging Markets Equity Composite (net)	49.21%	12.95%	10.96%
Brandes Emerging Markets Equity Composite (gross)	49.93%	13.54%	11.67%
MSCI Emerging Markets Index	33.57%	4.19%	8.41%

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
Main contributors to returns were holdings in the information technology and communication services sectors.

A convergence of structural demand drivers and regional market dynamics boosted technology-related holdings, with those in Taiwan and South Korea driving performance. These included Samsung Electronics, SK Hynix, Taiwan Semiconductor Manufacturing Company (TSMC), and Wiwynn.

In communication services, Millicom International Cellular continued to perform well, while Chile-based Empresa Nacional de Telecomunicaciones (Entel) gained strongly following confirmation of a joint bid with America Movil for competitor Telefonica.

Select bank holdings across regions also helped returns, led by South African Absa Group, Austria-domiciled Erste Group Bank, Slovenia-based Nova Ljubljanska banka, and Thailand's Kasikornbank.

On a relative basis, our underweight allocation to China was value additive.

Performance Detractors
Select holdings in China declined alongside the broader Chinese equity market. Poor performers included Alibaba and resort operators Galaxy Entertainment Group and Wynn Macau.

Several Brazilian holdings also weighed on returns, namely consumer staples business Sendas Distribuidora, wireless telecom TIM, and integrated oil and gas company Petrobras. Other notable detractors included Georgian bank TBC Bank and Indonesia-based Bank Rakyat Indonesia.

Materials represented the second-best performing sector in the MSCI Emerging Markets Index, and our underweight detracted from relative performance.

Select Activity in the Quarter
The emerging markets investment committee initiated positions in Poland-based Santander Bank Polska and Netherlands-domiciled food producer JBS. The committee also added two China-based companies to the portfolio: electronic manufacturing services company BYD Electronic and travel services provider Trip.com Group.

JBS is the world's largest meat processor. Founded in Brazil in 1953 and incorporated in the Netherlands in 2025, JBS maintains sizeable operations and workforce in Brazil and other emerging markets. Despite having the industry's most diversified portfolio across animal proteins and geographies, the company trades at a significant valuation discount to industry peers. The market is likely pricing in cyclically depressed beef cattle and poultry conditions, as well as concerns about leverage and governance. We believe that in the medium to long term, these are surmountable risks with improvement potential by the company.

Santander Bank Polska (SPL) is Poland's third-largest bank by lending share and fourth largest by deposits. It operates a traditional commercial banking model, with net interest income accounting for approximately 80% of operating revenue. Historically, SPL has focused on non-mortgage retail and small-medium enterprise (SME) loans, a strategy that has helped the bank deliver the highest margins among peers over the recent rate cycle, albeit with moderately higher cost of risk.

Generally, we view Polish banks as quality companies characterized by high structural profitability, conservative capitalization, and reasonable competitive dynamics. Moreover, they operate in one of the most dynamic and fastest growing European economies. While these banks have historically traded at a premium, recent proposals for a major banking tax to fund increased military spending have contributed to a sector derating despite the Polish economy and the banks' fundamentals remaining strong. Specific to SPL, we see a favorable risk-reward tradeoff given its healthy balance sheet, good underwriting track record, and leading efficiency metrics (branch footprint reduced by over 50% since 2017). Additionally, its seasoned management team, with proven experience in M&A integrations, reinforces our investment thesis for SPL.

Besides the new buys, other major portfolio activity included the sales of Indonesian tobacco company Gudang Garam, Mexico's Cemex, and Brazilian electric utility Neoenergia.

Year-to-Date Briefing
The Brandes Emerging Markets Equity Strategy rose 49.21% net of fees and 49.93% gross of fees, outperforming its benchmark, the MSCI Emerging Markets Index, which appreciated 33.57% in 2025, and the MSCI Emerging Markets Value Index, which rose 32.74%.

Holdings across a variety of sectors contributed to returns, with those in information technology (e.g., Samsung, TSMC, Wiwynn, SK Hynix) leading the way. Other top performers included Alibaba, bank holdings Nova Ljubljanska Banka and Erste Group, as well as telecom services providers Magyar Telekom, Millicom International Cellular, and TIM. Additionally, our underweight to India helped returns relative to the benchmark.

Detractors included select China-based holdings, notably China Education Group and Haier Smart Home. Indonesian holdings Bank Rakyat Indonesia, Indofood, and Gudang Garam also weighed on returns, along with India-based IndusInd Bank.

Current Positioning
Over the past year, we have seen notable shifts in portfolio positioning on a country basis, driven by our bottom-up investment decisions. Our allocation to South Korea increased significantly, mostly due to share-price appreciation of our holdings. Meanwhile, the portfolio's weighting to companies domiciled in China has decreased as our paring and selling activity outweighed new purchases, although China remains one of our largest country allocations. With the benchmark's China weight rebounding over the past 18 months, our underweight position has widened. Our China exposure is mainly to companies that focus on domestic consumption (e.g., retailers, household durables, leisure). We believe these holdings represent more compelling opportunities than China-based businesses in more capital-intensive sectors. Additionally, because they primarily cater to the domestic market, our holdings are likely better positioned to withstand external pressure (e.g., tariffs, trade tensions) compared to export-oriented peers.

The portfolio maintains a significant overweight to Latin America, with diversified investments in telecommunications, energy, and real estate. Conversely, allocations to India and Taiwan remain lower than benchmark levels. While we continue to identify attractive risk-reward profiles in the companies we own in both countries, our analysis suggests that many businesses in India and tech-heavy Taiwan offer limited margin of safety overall, especially when compared to other opportunities in emerging markets.

Following the strong returns for emerging markets equities in 2025, we believe the asset class remains appealing. As of December 31, the MSCI Emerging Markets Index traded at 13.5x forward earnings, compared to 22.4x for the MSCI USA Index. Within the asset class itself, value stocks (MSCI EM Value) continue to trade at wider-than-historical average discount levels to growth stocks (MSCI EM Growth) across multiple valuation metrics. We are encouraged by the outlook for value stocks in emerging markets and remain confident in the risk-reward tradeoff of our holdings.

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

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