

**Brandes Investment Partners**  
**Global Small Cap Equity Strategy Notes**  
**Third Quarter 2025 (July 1 – September 30, 2025)**

The Brandes Global Small Cap Equity Strategy returned 7.97% net of fees and 8.11% gross of fees, performing in line with its benchmark, the MSCI ACWI Small Cap Index, which was up 8.07% in the quarter. The MSCI ACWI Small Cap Value Index gained 8.14%.

<b>Annualized total return as of September 30, 2025</b>	<b>1-year</b>	<b>5-year</b>	<b>10-year</b>
Brandes Global Small Cap Equity Composite (net)	35.82%	27.47%	13.28%
Brandes Global Small Cap Equity Composite (gross)	36.61%	28.43%	14.19%
MSCI ACWI Small Cap Index	12.82%	11.36%	9.47%

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**

Key performance drivers included holdings in communications services and health care. Luxembourg-domiciled wireless telecom operator Millicom International Cellular, Ireland-based Avadel Pharmaceuticals, and U.S. based Elanco Animal Health all appreciated on strong earnings. Avadel exceeded analyst expectations and raised its full-year revenue guidance. Millicom benefited from infrastructure transactions and announced an interim dividend, while Elanco continued to have momentum in its pet health and farm animal segments. We believe the investment case for each of these holdings remains attractive, and we have maintained our allocations accordingly.

Other standout performers included software firm Open Text, energy equipment and services business Innovex International, and apparel company Hanesbrands. In August, Gildan Activewear announced its acquisition of Hanesbrands for \$2.2 billion, with the transaction expected to close in late 2025 or early 2026. The deal aims to combine Gildan's manufacturing capabilities with Hanesbrands' retail presence and brand strength.

Furthermore, our underweight allocation to companies in India helped relative returns.

**Performance Detractors**

Several holdings in materials and consumer staples performed poorly, notably Canadian paper and forest products business Canfor, Irish beverage company C&C Group, and U.S.-based Edgewell Personal Care. Our underweight materials also hurt relative performance, along with our overweight to consumer staples.

Other detractors included U.K. real estate business LSL Property Services, U.S. machinery company Kennametal, and Mexico-based securities exchange Bolsa Mexicana de Valores.

**Select Activity in the Quarter**

The small-cap investment committee initiated positions in Belgium-based personal care products company Ontex Group, Luxembourg-domiciled information technology (IT) services company Globant, Canadian packaging business Winpak, and U.K. professional services provider PageGroup.

Globant is a multinational IT services company specializing in high-value digital engineering services, including customer experience, AI, cloud, and development operations. Although it is headquartered in Luxembourg, Globant has significant operations across emerging markets. The vast majority of its workforce is based in Latin America and India, with key offices in Argentina. Unlike many larger IT services firms that maintain broad exposure to slower-growing segments, Globant operates as a digital pure play, generating nearly all its revenue from advanced, high-margin services. The company's business model is mostly project-based, with limited recurring revenue.

Founded in 2003 and publicly listed since 2014, Globant has delivered organic growth exceeding 20% annually post-IPO. Its client base is geographically diverse; the U.S., Latin America, and Europe serve as its main markets, while Asia and the

Middle East represent growing segments. Through its “Studio” model, Globant is known for blending design and technology to produce user-centric digital experiences. Notable clients include Disney, Google, LinkedIn, Electronic Arts, Formula 1, and Coca-Cola.

Operating within the highly competitive and fragmented \$1.5 trillion global IT services industry, Globant benefited from a pandemic-era surge in digital transformation spending. However, the company has recently faced a cyclical slowdown as enterprises focus on cost efficiency and delay discretionary technology investments. Additionally, the rise of generative AI introduces long-term uncertainty, with the potential to automate commoditized tasks and disrupt traditional outsourcing models. These headwinds have contributed to a sharp decline in Globant’s share price, which was down over 70% year-to-date in 2025.

We believe that the cyclical nature and the AI-related risks have been more than accounted for in Globant’s current market valuation. We like the fact that the company has a healthy balance sheet and strong relationships with its clients. In our view, Globant is well positioned to benefit as IT budgets normalize, and clients move from AI pilots to scaled adoption. It also has the potential to expand its scope of work to more complex, higher-value projects in areas such as product design, data integration, and business process reengineering. At its current valuations, Globant represents an appealing value opportunity to us.

Besides the new purchases, other major portfolio activity included the full sells of U.S.-based health care services business Premier and chemical company Scotts Miracle-Gro, as well as Italian cement manufacturer Buzzi.

#### ***Year-to-Date Briefing***

The Brandes Global Small Cap Equity Strategy rose 38.44% net of fees and 39.08% gross of fees, outperforming its benchmark, the MSCI ACWI Small Cap Index, which appreciated 16.61% in the nine months ending September 30, 2025, and the MSCI ACWI Small Cap Value Index, which rose 16.14%.

Stock selection across various sectors drove our outperformance. Key contributors included holdings in industrials, financials, communication services, and health care. Geographically, holdings in the United States, United Kingdom, Luxembourg, and emerging markets performed well. At the company level, standout performers included aerospace and defense businesses Embraer, Montana Aerospace, and LISI, telecom firms Millicom International Cellular and Magyar Telekom, and Mexican REIT Fibra Uno.

Materials represented the best performing sector in the benchmark, and our underweight position hurt relative returns. Select holdings and overweight position in consumer staples also detracted from performance. At the stock level, notable decliners included Canada-based Dorel Industries and Canfor, machinery company Kennametal, and consumer products firm Edgewell Personal Care.

#### ***Current Positioning***

With our index-agnostic investment approach, the portfolio continues to look different from both the broad and the value benchmarks. It maintains large allocations to industrials, consumer staples, and health care, while holding underweights in technology, materials, real estate, and financials. Geographically, the portfolio continues to have meaningful exposure to companies in the U.K., Hong Kong, Canada, and emerging markets, and a notable underweight to the United States.

A good portion of the portfolio continues to be allocated to domestically oriented companies, which tend to benefit from larger competitive moats and reduced direct exposure to international trade disputes compared to their export-driven peers. Additionally, many of our holdings also represent mature and stable business models where earnings and free cash flow generation have historically shown resilience during macroeconomic or cyclical disruptions.

In recent years, we have gradually increased our weighting to cyclical industries, especially in areas where the market appears to be overreacting to cycle risk. However, we remain cautious as many opportunities still present risks of elevated earnings and valuations. Throughout our investment process, we maintain a sharp focus on balance sheet quality. We feel this is particularly important in the global small-cap equity space as the low interest-rate environment has increased corporate debt appetite and foreign currency exchange mismatches pose a big risk.

Going forward, we remain optimistic about the portfolio's holdings composition and the risk/reward tradeoff it offers.

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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