Brandes European Value Fund

A sub-fund of Brandes Investment Funds Plc

FUND OBJECTIVE

Long-term capital appreciation by investing primarily in equity and equity related securities of issuers carrying out their activities predominantly in Europe.

FUND IDENTIFIERS

Class I EUR	G1309T246
Class I1 EUR	G1309T568
Class A EUR	G1309T253
Class A1 EUR	G1309T535
Class B EUR	G1309W132
Class R EUR	G1309W124
Class I USD	G1309T162
Class A USD	G1309T238
Class A1 USD	G1309T733
Class I GBP	G1309T261
Class I1 GBP	G1309T519
Class A GBP	G1309T220

TOP TEN HOLDINGS

(% of assets as of 6/30/2025)

Heineken Holding NV	2.92
Sanofi SA	2.65
Montana Aerospace AG	2.58
GSK PLC	2.57
Kering SA	2.36
Swatch Group AG	2.29
STMicroelectronics NV	2.28
BNP Paribas SA	2.22
Deutsche Post AG	2.12
Grifols SA	2.09

Fund holdings are subject to change at any time at the discretion of the investment manager.

BRANDES INVESTMENT FUNDS PLC

The Brandes European Value Fund (the "Fund") Class I USD returned 15.81% during the quarter, outperforming the MSCI Europe Index which rose 11.38%.

Contributors to Performace

The main contributors reflected a combination of strong stock selection in industrials and health care, as well as continued recovery in selected U.K. consumer companies. Switzerland-based Montana Aerospace was a leading contributor: its shares climbed as the company enjoyed strong demand in the aerospace supply chain and improving operating leverage. The share price of Spanish biotechnology company Grifols rose after announcing improved earnings results.

In the U.K., the share prices of J Sainsbury and Tesco grew significantly. These gains were driven by resilient consumer demand, improved pricing and continued progress on cost-efficiency initiatives. The strength in these names reflects our view that selected U.K. retailers remain undervalued relative to their normalised earnings power and asset base.

Netherlands-based semiconductor company STMicroelectronics also contributed, supported by stronger-than-expected sales to its industrial end-market and an anticipated recovery in its automotive end-market. Ireland-based C&C Group delivered solid returns, benefiting from resilient beverage demand and margin recovery in its core U.K. and Irish markets.

Detractors from Performance

In a solid performance period, only a few holdings notably declined, including Belgian personal care products company Ontex, U.K. advertising agency WPP, and France-based pharmaceutical firm Sanofi. Additionally, Switzerland-based watchmaker Swatch underperformed the market (MSCI Europe) and detracted from relative performance.

Ontex was impacted by input cost inflation and slower-than-expected margin recovery, while WPP declined in the face of weak advertising demand and cautious client spending as it continued pursuing a turnaround. Swatch underperformed due to consumer unease in Asia and margin pressures. Despite near-term headwinds, we continue to own these positions based on what we view as their long-term earnings power and valuation support.

Sanofi declined due to market worries about its profit margins, a concern we consider short term in nature. We believe Sanofi remains well positioned for steady top-line growth, supported by its flagship drug Dupixent, its improved research and development productivity, and a lack of major patent expirations for the upcoming five years. We continue to perceive Sanofi as a stable cash-flow generator with upside optionality from its pipeline.

Portfolio Activity

We initiated new positions in U.K.-based staffing firm PageGroup and luxury goods company Burberry, while exiting Rolls-Royce, Greencore and Danone.

During the past few years, the luxury goods industry has underperformed the broader market (MSCI Europe). Concerns about the economic prospects of Asia have weighed on investor perceptions for many companies in the industry, including Burberry.

Founded in 1856, Burberry has a rich history and primarily sells apparel and accessories. The company went public for a second time in 2002 after parting from U.K. retail conglomerate Gus, which held it for almost five decades. Since it resumed being listed, Burberry has been evolving its business model, with an emphasis on elevating its brand.

When Gus spun out Burberry, more than half of Burberry's revenue came from its wholesale channel. Since investing in its retail channel roll-out, almost 80% of its revenues have come from direct-to-consumer sales, either through its stores or online—a level closer to Burberry's luxury peers. This was a positive strategy because moving from the wholesale channel to a direct retail model helps a luxury label better control its brand image (customer experience and pricing). Additionally, Burberry has eliminated non-core product categories, focusing on those for which it has a distinct legacy and brand appeal. Burberry's management team turned over in 2022, but the core business philosophy has remained largely stable.

Asia Pacific contributes more than 40% of Burberry's revenue, with China accounting for about half. This is typical for the industry as Asia Pacific represents the world's largest luxury goods market. Recently, a weak yen and a sputtering economy in China have made for a lacklustre environment for selling luxury goods. However, while the luxury marketplace is sensitive to changes in the economic environment, a long history suggests to us that the top brands can accrue value even with little country-level economic growth. For instance, market observers estimate that the luxury goods market in Japan has continued to expand during the past 15 years even as the Japanese economy contracted (in U.S. dollar terms). This is a phenomenon that cannot be explained solely by increasing tourist flows, based on our analysis.

Against what we consider is a compelling market valuation, we have acquired Burberry and patiently wait for evidence that the luxury brand players can endure. And we find it encouraging that Burberry has improved its performance in 2025: its sales declines have slowed, and it has continued to streamline its product lines around core brand codes and heritage categories. Both outerwear and scarves have experienced growth.

Our sale of Rolls-Royce ended an investment that began in May 2022. When purchased, the company was trading at a notable discount to our estimate of its intrinsic value, following a period of severe disruption caused by the pandemic. Our thesis centred on Rolls-Royce's dominant position in the widebody aircraft engine market, its high-margin aftermarket services business, and its exposure to secular growth in global air travel.

During our ownership period, we made several upward adjustments to our estimate of Rolls-Royce's intrinsic value as the company progressed substantially by strengthening its balance sheet, improving operational execution and restoring profitability. By mid-2025, the stock had risen significantly, supported by a rebound in civil aerospace volumes, margin expansion, and a return to investment-grade credit metrics. With the stock achieving our revised intrinsic value estimate, we exited the position. While we continue to view Rolls-Royce as a high-quality industrial franchise, we believe its risk/reward profile has become less compelling versus other opportunities.

We also sold Ireland-based Greencore and France-based Danone when they attained our estimate of their respective intrinsic value.

Year-to-Date

The Fund rose 11.63%, outperforming its index, the MSCI Europe Index, which appreciated 8.55% in the six months ended 30 June 2025, and underperforming the MSCI Europe Value Index, which increased by 13.46%.

The outperformance of value was a contributing tailwind (MSCI Europe Value vs. MSCI Europe). However, the Fund's outperformance relative to the MSCI Europe Index was primarily driven by stock selection across most sectors. The most noteworthy drivers included holdings in industrials, as well as companies based in France. These were led by industrials holdings Montana Aerospace and LISI, as well as France-based Orange and BNP Paribas. The names reflect strength in industrials, telecom and financials. They share common performance themes including balance sheet improvement, capital returns and exposure to infrastructure and digital transformation. Luxembourg-based Millicom and Magyar Telekom of Hungary also aided returns, reinforcing the value we found in telecom investments.

On the other hand, the largest detractors in 2025 were our underweights to financials, which represented the best-performing sector in the index, and to companies domiciled in Germany, which has seen strong performance from German industrials and defence companies. At the holding level, detractors included advertising agency WPP, as well as several consumer product companies, such as Swatch, Ontex, Kering, and Henkel.

Current Positioning

The Fund holds key overweight positions in consumer staples, health care, and communication services, while maintaining significant underweights to financials and industrials. Our underweight to financials has increased as it has been the strongest sector in the index and now comprises more than 22% of the index; meanwhile, we pared some investments when they reached our estimate of their intrinsic value.

Geographically, the Fund's largest allocations continue to be in France and the United Kingdom. It remains underweight in Switzerland and has no exposure to companies in the Nordic Region.

We believe the differences between the Fund and the MSCI Europe Index make it an excellent complement and diversifier to passive and growth-oriented strategies.

While value stocks (MSCI Europe Value) have performed well, they continue to trade in the least-expensive quartile relative to growth (MSCI Europe Growth) since the style indices began. This was evident across various valuation measures, including price/earnings, price/cash flow and enterprise value/sales. Historically, such discount levels have often signalled attractive subsequent returns for value stocks. This is encouraging because the Fund, guided by our value philosophy and process, has had the tendency to exceed the value index when it outperformed the MSCI Europe Index.

We remain optimistic about the long-term prospects of the companies held in the Fund.

Performance (%)

	NAV	1 mo	3 mo	YTD	1 yr	3 yr	5 yr	10 yr	Since Inception Fund	Since Inception Index	Inception Date
Class I USD	$ 62.92	4.28	15.81	26.98	29.71	25.07	18.95	8.12	8.53	7.49	1/14/2003
Class A USD	$ 54.53	4.20	15.55	26.43	28.58	23.93	18.04	7.35	8.49	8.07	2/12/2003
Class A1 USD	$ 14.83	4.14	15.50	26.37	28.53	23.91	--	--	11.62	7.12	7/7/2021
MSCI Europe Index USD		2.06	11.38	23.05	18.38	17.19	12.37	6.77			
Class I EUR	€ 73.70	0.50	6.29	11.63	17.88	20.21	17.81	7.52	9.35	7.80	2/26/2003
Class I1 EUR	€ 18.64	0.54	6.33	11.68	17.89	20.21	18.05	--	9.42	8.69	6/14/2016
Class A EUR	€ 48.01	0.44	6.08	11.19	16.90	19.20	17.12	6.79	7.41	7.17	7/17/2003
Class A1 EUR	€ 17.19	0.47	6.05	11.17	16.92	19.21	17.80	--	7.50	7.07	10/5/2015
Class R EUR	€ 16.30	0.49	6.33	11.64	17.86	20.18	--	--	12.53	7.88	5/10/2021
Class B EUR	€ 15.59	0.45	6.05	11.12	16.87	19.22	--	--	11.43	7.92	5/24/2021
MSCI Europe Index EUR		-1.30	2.49	8.55	8.08	12.76	11.38	6.22			
Class I GBP	£ 56.51	2.35	8.97	15.80	19.45	19.95	16.27	9.37	8.40	7.75	1/13/2004
Class I1 GBP	£ 19.23	2.34	9.01	15.82	19.47	20.11	16.49	--	9.70	9.22	6/10/2016
Class A GBP	£ 38.79	2.27	8.72	15.24	18.26	18.93	15.34	8.74	7.10	7.01	9/27/2005
MSCI Europe Index GBP		0.43	4.91	12.46	9.20	12.57	10.07	8.25			

Past performance may not be a reliable guide to future performance. Periods of greater than one year have been annualized. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. Changes in exchange rates may have an adverse effect on the value price or income of the product. Performance is shown net of fund and share class fees. It is not possible to invest directly in an index.

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

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This Fund promotes environmental and/or social characteristics and is classified as an Article 8 fund under the EU's Sustainable Finance Disclosure Regulation ("SFDR").

Additional Information for French investors: *Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, this UCITS presents disproportionate communication on the consideration of non-financial criteria in its investment policy.*

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