

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. Suitable for retail investors with a long-term investment horizon (5 years or more) who can tolerate high levels of volatility and the risk of significant capital loss.

The sub-fund is considered to be actively managed in reference to the MSCI Europe Index by virtue of the fact that it uses the MSCI Europe Index for performance comparison purposes.

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 I1 USD	G1309T709
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 12/31/2025)

Heineken Holding NV	3.07
Swatch Group AG	2.57
Sanofi SA	2.55
GSK PLC	2.54
Kering SA	2.50
Montana Aerospace AG	2.42
STMicroelectronics NV	2.28
BNP Paribas SA	2.28
Deutsche Post AG	2.24
Capgemini SE	2.04

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

The Brandes European Value Fund (the "Fund") Class I EUR rose 4.16%, underperforming its index, the MSCI Europe Index, which increased 6.25%, and the MSCI Europe Value Index, which appreciated 9.31%.

Contributors to Performance

Several holdings performed well, led by companies in the industrials and consumer discretionary sectors. Germany-based Deutsche Post was a standout contributor, benefiting from resilient logistics demand and cost optimisation initiatives that supported margin improvement. U.K.-based Rentokil Initial delivered solid gains, driven by continued strength in pest control services in its U.S. business. Switzerland-based Swatch Group advanced as U.S. tariffs on goods from Switzerland were reduced.

Pharmaceutical firms U.K.-based GSK and Ireland-based Avadel Pharmaceuticals both contributed positively. GSK rose after reporting quarterly results and increasing its guidance forecast. Avadel rose after it received an unsolicited proposal from H. Lundbeck to acquire the company at a premium prompting Alkermes to raise its offer to acquire the company. Amid the bidding war, Avadel's share price reached our estimate of its intrinsic value, leading us to divest our position.

Detractors from Performance

Our overweight to consumer staples and underweight to financials detracted from performance as consumer staples lagged overall, while financials was one of the strongest performing sectors during the period.

More specifically, our investments in the beverages industry weighed on returns. Both France-based Pernod Ricard and U.K.-based Diageo trailed on worries about slowing global spirits demand. While these headwinds persist, both companies offer a strong brand portfolio and pricing power, which support our conviction about their long-term prospects. Belgium-based Ontex Group faced headwinds from weak consumer demand and increased promotional activity. Spanish biotechnology firm Grifols underperformed as margin pressures and investor concerns about leverage overshadowed operational progress: we continue to monitor its efforts to improve efficiency and reduce debt.

Netherlands-based CNH Industrial declined as unease about slowing demand for agricultural equipment and margin pressures weighed on market sentiment. Multinational research publisher Springer Nature detracted as investor concerns about academic publishing growth and cost pressures persisted. While these challenges adversely affected the near-term performance of these businesses, we believe their fundamentals remain intact and they continue to offer long-term upside potential.

Portfolio Activity

We initiated positions in several U.K.-based companies, such as paper and packaging company Mondi, utility company National Grid and beverage company Diageo, while divesting U.K. retailer Tesco and Ireland-based pharmaceutical company Avadel.

Mondi is a leading European producer of corrugated packaging, containerboard, kraft paper and uncoated fine paper. With a strong presence in Eastern and Western Europe and a vertically integrated model from pulp to finished products, Mondi enjoys cost advantages and scale benefits. It is the number one virgin containerboard producer in Europe and the

Past performance may not be a reliable guide to future performance. Your capital is at risk.

global leader in kraft paper, supplying essential packaging solutions for industries ranging from e-commerce to construction.

Currently, Mondi is out of favour due to a prolonged downturn in the European containerboard market, driven by oversupply and weak demand since 2022. Margins have been pressured by inflation in non-fibre input costs and an influx of new capacity, leaving much of the industry operating below breakeven. This cyclical weakness has weighed on profitability and led to a more leveraged balance sheet following Mondi's recent investment program and mergers and acquisitions activity.

Despite these near-term challenges, Mondi offers an attractive long-term opportunity. Secular trends such as sustainability, convenience, and the shift from plastic to paper underpin steady growth in fibre-based packaging. Mondi's cost leadership, strong positioning in high-barrier kraft paper markets, and integrated operations provide resilience and competitive advantage, in our opinion. The company's completed investment program is expected to increase profits over the next few years, while its expanded converting capacity enhances downstream integration. As industry capacity rationalises and demand normalises, Mondi could be poised for margin recovery and free cash flow inflection. For patient investors, Mondi represents a well-positioned leader in sustainable packaging with meaningful upside potential.

National Grid is one of the world's leading regulated utilities, responsible for electricity transmission and distribution in Great Britain and electricity and gas networks in the northeastern United States. The company operates under well-established regulatory frameworks that provide predictable returns and inflation protection in the U.K., while its U.S. operations benefit from nominal rate structures and legally binding decarbonisation mandates. Over the past decade, National Grid has strategically repositioned its asset base toward electricity networks, reducing exposure to gas and aligning with long-term energy transition trends. Today, roughly 75% of its regulated asset base is in electricity, and this share is expected to rise to 80% by 2029, supported by structural growth in electrification and renewable integration.

Despite its strong fundamentals, National Grid is currently out of favour, weighed down by weak U.K. macro sentiment and concerns over interest rates. There is also a lack of market enthusiasm towards National Grid as it currently has a lower dividend yield than its peers as the company has a lower payout ratio to help fund its upcoming capital expenditure and growth cycle. Over the next five years, National Grid plans to deploy significant capital expenditures across its jurisdictions, with major projects in U.K. Electricity Transmission aimed at alleviating congestion and connecting renewable resources, and in the U.S. focused on

grid modernisation and resiliency. These investments are expected to drive attractive growth in the regulated asset base and earnings per share, while dividends should grow in line with U.K. inflation. Importantly, the balance sheet is fully funded, which should eliminate equity funding needs through the next five years.

Longer term, National Grid's position as a critical enabler of decarbonisation, combined with high regulatory visibility and inflation-linked returns, underpins its profile as a defensive compounder with attractive risk-adjusted returns. At current valuations—trading at a discount to U.S. and EU peers—the company's shares offer compelling upside potential, we believe.

Besides the new buys, other portfolio activity included the divestments of Avadel and U.K. retailer Tesco.

We first invested in Tesco over a decade ago when the company faced operational restructuring challenges and a weak U.K. retail environment overall. We viewed Tesco as a dominant food retailer with significant real estate assets and the potential for margin recovery following an accounting scandal and intense competitive pressures. Throughout our holding period, Tesco experienced many ups and downs. The early years were marked by price wars and structural shifts toward online grocery, which pressured the company's profitability. However, under new management, Tesco executed a successful turnaround, improving margins and cash flow while strengthening its balance sheet.

Despite these improvements, the competitive landscape continued to evolve, with discounters gaining share and consumer habits shifting. More recently, Tesco was able to stabilise its market share as some competitors struggled in a higher interest rate environment after going private. As the share price approached our intrinsic value estimate, we elected to exit the position.

Over the years, Tesco was frequently mentioned in our quarterly commentaries, sometimes as a contributor to returns, but more often, as a detractor from performance. While the company's progress has not been linear, our investment in Tesco underscores, in our opinion, how maintaining a long-term perspective can benefit the Fund.

Year-to-Date Briefing

The Fund rose 22.02%, outperforming its index, the MSCI Europe Index, which appreciated 19.39% for the year ended 31 December 2025, and underperforming the MSCI Europe Value Index, which increased by 30.52%.

The outperformance of value was a contributing tailwind (MSCI Europe Value vs. MSCI Europe). However, the Fund's outperformance versus its index was primarily driven by stock selection across most sectors. By comparison, value

index outperformance was largely driven by the notable appreciation of financials, which we are underweight relative to both the broad and value indexes.

The most noteworthy drivers included holdings in industrials, health care, and consumer discretionary sectors, as well as companies domiciled in France and Switzerland. These were led by aerospace and defence holdings: Switzerland-based Montana Aerospace and France-based LISI, in addition to luxury goods producer and retailer Kering, construction materials firm Vicat, telecom Orange, and financial services company BNP Paribas in France. Telecom firms Millicom and Magyar Telekom of Hungary also aided returns as did financials AIB Group and Erste Group.

On the other side of the ledger, the largest detractors were our underweights to financials, the best-performing sector in the index, and overweight to consumer staples, as well as holdings domiciled in Germany and the Netherlands. At the holding level, advertising agencies U.K.-based WPP and France-based Publicis, consumer product companies, such as Ontex and Germany-based Henkel, reduced relative returns. Similar to the quarter, both CNH Industrial and Pernod Ricard were also detractors.

Current Positioning

The Fund holds key overweight positions in consumer staples and discretionary, as well as communication services, while maintaining a clear underweight position in financials. Our underweight to financials has grown as it has been the best-performing sector and now comprises almost 25% of the index. Meanwhile, we have pared and sold some investments when they reached our estimate of their intrinsic value. Throughout the year, the most notable increases have been additions in luxury goods, beverages and IT services, and we are now overweight in the technology sector.

Geographically, the Fund's largest allocations continue to be in France and the United Kingdom. The Fund 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. It is also encouraging because the Fund, guided by our value philosophy and process, has had the tendency to outperform its index when the value index outperforms growth.

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	Index	Inception Date
Class I USD	\$ 68.61	3.38	4.27	38.47	38.47	25.79	15.47	9.46	8.75	7.76	1/14/2003
Class I1 USD	\$ 10.58	3.32	4.24	--	--	--	--	--	5.80	8.09	9/5/2025
Class A USD	\$ 59.22	3.28	4.06	37.31	37.31	24.74	14.49	8.68	8.69	8.34	2/12/2003
Class A1 USD	\$ 16.10	3.27	4.01	37.20	37.20	24.70	--	--	12.28	8.59	7/7/2021
MSCI Europe Index USD	3.90	6.20	35.41	35.41	18.21	10.29	8.52				
Class I EUR	€ 80.56	2.04	4.16	22.02	22.02	21.92	16.35	8.60	9.56	8.07	2/26/2003
Class I1 EUR	€ 20.37	2.05	4.19	22.04	22.04	21.94	16.39	--	9.92	9.29	6/14/2016
Class A EUR	€ 52.25	1.95	3.94	21.01	21.01	20.91	15.40	7.85	7.64	7.46	7/17/2003
Class A1 EUR	€ 18.71	1.96	3.94	21.00	21.00	20.94	15.45	8.18	8.01	7.71	10/5/2015
Class R EUR	€ 17.81	2.00	4.15	21.99	21.99	21.91	--	--	13.23	9.21	5/10/2021
Class B EUR	€ 16.97	1.98	3.92	20.96	20.96	20.91	--	--	12.17	9.26	5/24/2021
MSCI Europe Index EUR	2.67	6.25	19.39	19.39	14.50	11.20	7.67				
Class I GBP	£ 62.76	1.59	4.05	28.61	28.61	21.32	15.68	10.23	8.72	8.13	1/13/2004
Class I1 GBP	£ 21.35	1.57	4.04	28.58	28.58	21.31	15.81	--	10.36	10.03	6/10/2016
Class A GBP	£ 42.85	1.47	3.78	27.30	27.30	20.11	14.66	9.62	7.45	7.43	9/27/2005
MSCI Europe Index GBP	2.35	6.30	26.08	26.08	13.89	10.65	9.51				

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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").

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