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 6/30/2026)

Sanofi SA	3.03
Heineken Holding NV	2.87
Swatch Group AG	2.75
SAP SE	2.70
Nova Ljubljanska Banka dd	2.65
Henkel AG & Co KGaA	2.26
LISI SA	2.23
CNH Industrial NV	2.17
Pernod Ricard SA	2.14
Fresenius Medical Care AG	2.14

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 USD returned 7.24% during the quarter, underperforming the MSCI Europe Index which rose 10.93%.

Contributors to Performance

Although technology represents a smaller share of European equity markets (MSCI Europe) than it does in the U.S. (Russell 1000), it remained a major driver of index returns. The sector increased by more than 40% as investor enthusiasm for artificial intelligence (AI) continued to intensify. Semiconductor manufacturers, technology hardware companies and other businesses deemed beneficiaries of accelerating AI-related capital expenditures were among the strongest performers.

While our underweight position in technology detracted from relative performance, several of our technology holdings were among the Fund's strongest contributors. This included semiconductor firms such as Germany-based Infineon and Netherlands-based STMicroelectronics, as well as Germany-based electronic equipment company Jenoptik. All grew significantly as investors increasingly focused on companies benefiting from growing AI infrastructure requirements. Netherlands-based machinery company Aalberts benefited from increased customer demand in its semiconductor business, which supplies components to semiconductor equipment manufacturers.

Several other companies contributed positively to performance. U.K.-based food ingredients company Tate & Lyle rose following Ingredion's announced acquisition of the company. Our recent purchase of Netherlands-based ingredients and fragrance business DSM-Firmenich also advanced after reporting improving earnings, while Hungary-based telecommunications provider Magyar Telekom continued to perform well. Ireland-based contract health care research organisation ICON rebounded after an internal accounting investigation, which had weighed on the shares during the first quarter, concluded. The company subsequently reported improving customer demand and industry spending trends, which have driven a significant recovery in its stock.

Detractors from Performance

The dominant market theme remained the exceptional performance of companies perceived to be direct beneficiaries of AI-related spending. We entered the quarter with an overweight position in technology relative to the MSCI Europe Index. However, strong share price appreciation led us to trim or sell off several investments. As a result, our technology exposure became an underweight position compared to the MSCI Europe Index, weighing on relative performance.

Additionally, businesses perceived to face disruption from AI, particularly software and IT services companies, generally underperformed. Our stakes in France-based Capgemini, Luxembourg-based Globant and Germany-based SAP were among the largest detractors. While we recognise that AI has the potential to reshape many industries, we believe mission-critical enterprise software companies with deep customer relationships and embedded workflows remain well positioned. In our view, SAP's strategic importance within customer organisations, combined with its ability to incorporate AI functionality into existing products, provides an attractive long-term opportunity. We added to the position during the quarter.

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

Outside the technology sector, several of our health care companies fell, including France-based Sanofi, Spain-based Grifols, and U.K.-based Smith & Nephew. Sanofi has lagged as investors questioned the productivity of the company's increased research and development spending and expressed caution about the commercial potential of its pipeline.

Other detractors included Switzerland-based aerospace and defence company Montana Aerospace, which reported weak quarterly earnings and announced the resignation of its chief executive officer. U.K.-based paper and packaging company Mondi also saw its share price decline as it confronted a weak packaging environment while also contending with rising input costs from higher natural gas prices.

Select Activity in the Quarter

Fund activity reflected our efforts to take advantage of market opportunities amid increasingly narrow market leadership. We sold a variety of strong performers, including semiconductor companies Infineon and STMicroelectronics, electronic equipment company Jenoptik, and food products company Tate & Lyle following Ingredion's acquisition offer. New investments included Ireland-based ingredients and flavouring company Kerry Group, Sweden-based consumer products company Essity, Luxembourg-based luggage company Samsonite, and two U.K.-based entities: building materials company Travis Perkins and healthcare real estate investment trust Primary Health Properties.

Kerry Group is a global leader in specialty food ingredients and integrated taste and nutrition solutions. Kerry operates as a business-to-business partner to food, beverage and pharmaceutical companies, supporting customers throughout the product development cycle (from ideation to launch) and delivering customised solutions that enhance taste, nutrition and functionality. Over time, the company has transformed its portfolio through divestitures of non-core businesses and is now a pure-play taste and nutrition franchise with broad geographic exposure and a diversified customer base across end-markets.

Kerry’s shares have fallen out of favour due to slowing volume growth, weaker end-market demand, reduced acquisition activity and concerns surrounding GLP-1 adoption and its potential effect on food consumption. While we think some of the de-rating is justified, as reflected in our conservative assumptions, we believe the market is underappreciating Kerry’s value and see an opportunity for the shares to be reappraised as a defensive compounder rather than as a proxy for a challenged U.S. packaged-food market. We like Kerry’s exposure to faster-growing end-markets, such as emerging markets and U.S. foodservice, which together account for approximately 40% of its sales. Structural trends, such as demand for healthier, cleaner-label products and functional ingredients, may also serve as a tailwind. Additionally, the company’s global scale, diversified end-markets, and history of cash generation support our view that Kerry remains a resilient business with the potential for earnings recovery over time.

Year-to-Date Briefing

The Fund rose 9.29%, underperforming its index, the MSCI Europe Index, which appreciated 10.75% in the six months ended 30 June 2026, and the MSCI Europe Value Index, which increased 11.24%.

The most significant detractor from relative returns has been our exposure to the technology sector, which accounts for more than the underperformance on the year. Semiconductors have been the largest driver of index returns as investors have bid up companies tied to the AI capex cycle. Netherlands-based semiconductor equipment company ASML has been responsible for more than one-quarter of the index's total return for the year.

Within the Fund, our technology exposure has been divided. Semiconductor and equipment companies appreciated significantly, so we have now divested. Meanwhile, we hold a modest exposure to software and IT services, which have declined during the year amid market concerns about the impact of AI on their businesses. While we think these concerns are likely excessive, our exposure to software and IT services is less than 5% of the Fund.

At the individual security level, performance drivers largely mirrored those observed during the second quarter, led by SAP, Capgemini, Globant, Mondi and Montana Aerospace.

Beyond our semiconductor-related holdings, our most significant contributors also match those mentioned during the second quarter as Tate & Lyle and ICON have gained significantly. Besides Magyar Telekom, our investment in Luxembourg-based wireless telecom company Millicom International has also performed well.

Current Positioning

As market returns have become increasingly concentrated among a narrow group of AI-related companies, we believe the Fund offers investors meaningful diversification relative to prevailing market exposures.

Our largest allocations remain in health care and consumer staples. In our view, these sectors contain businesses that may ultimately benefit from advances in technology and AI adoption. At the same time, we believe that they are not exposed to the same valuation risks attached to many of the market's most popular technology stocks. We continue to find attractive opportunities where near-term uncertainty has created a disconnect between price and long-term fundamentals.

Our allocation to technology declined after selling several strong-performing semiconductor holdings. As a result, we are now underweight in the technology sector relative to the index. We also continue to be underweight in financials and industrials, which are the two largest sectors in the index. Our underweight to financials remains our largest underweight and is more pronounced relative to the value index where the sector accounts for 40% of the MSCI Europe Value index.

Geographically, the Fund's largest allocations continue to be in France and the United Kingdom. The Fund remains underweight in Switzerland and the Nordic Region.

Looking ahead, we believe the current environment remains particularly attractive for disciplined value investors. Market enthusiasm continues to be concentrated in a narrow group of AI-related companies, often with limited regard for valuation. While the long-term potential of AI is significant, history suggests periods of extreme optimism can create opportunities for active investors to uncover appealing investments elsewhere in the market.

We believe that is the case today. We are finding companies that in our opinion have strong competitive positions, durable cash-flow generation and attractive valuations that appear increasingly overlooked by investors, including businesses that we believe can benefit from technological change rather than be disadvantaged by it. We believe the Fund's differentiated exposures can provide investors with meaningful diversification potential and make it a compelling complement to passive and growth-oriented approaches. The Fund also offers what we consider a more attractive aggregate valuation profile than the MSCI Europe Index, while remaining focused on long-term return potential. We remain encouraged by the prospects for value stocks and the risk-reward profile of our holdings.

Performance (%)

									Since Inception		
	NAV	1 mo	3 mo	YTD	1 yr	3 yr	5 yr	10 yr	Fund	Index	Inception Date
Class I USD	$ 72.90	-0.71	7.24	6.25	15.86	22.42	13.33	10.60	8.84	7.94	1/14/2003
Class I1 USD	$ 11.20	-0.71	7.18	6.26	--	--	--	--	12.43	16.53	9/5/2025
Class A USD	$ 62.67	-0.78	7.02	5.83	14.93	21.39	12.36	9.80	8.76	8.50	2/12/2003
Class A1 USD	$ 16.76	-0.77	7.02	5.85	14.91	21.36	--	--	12.27	9.34	7/7/2021
MSCI Europe Index USD		0.94	10.93	7.81	18.64	16.17	9.49	9.91			
Class I EUR	€ 88.04	1.37	8.49	9.29	19.46	20.54	14.14	10.27	9.77	8.37	2/26/2003
Class I1 EUR	€ 21.73	1.40	8.49	9.30	19.44	20.55	14.14	10.37	10.38	9.93	6/14/2016
Class A EUR	€ 56.86	1.28	8.26	8.82	18.43	19.52	13.19	9.50	7.86	7.77	7/17/2003
Class A1 EUR	€ 20.01	1.32	8.28	8.82	18.44	19.51	13.25	9.83	8.48	8.36	10/5/2015
Class R EUR	€ 19.46	1.35	8.47	9.26	19.39	20.51	14.13	--	13.83	10.46	5/10/2021
Class B EUR	€ 18.47	1.32	8.26	8.84	18.47	19.51	13.21	--	12.78	10.51	5/24/2021
MSCI Europe Index EUR		3.02	11.80	10.75	21.81	14.37	10.30	9.60			
Class I GBP	£ 67.77	0.82	7.01	7.98	19.93	20.65	14.17	10.42	8.89	8.37	1/13/2004
Class I1 GBP	£ 22.50	0.85	7.04	8.02	19.93	20.68	14.29	10.55	10.68	10.48	6/10/2016
Class A GBP	£ 46.05	0.72	6.75	7.47	18.72	19.46	13.15	9.81	7.63	7.71	9/27/2005
MSCI Europe Index GBP		2.51	10.22	9.26	22.49	14.52	10.37	9.99			

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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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