



# Brandes reflects:

## The Cost Of Throwing In The Towel

What if you decided to get out of the market and go to cash?

- History has demonstrated swift market recoveries could make sitting on cash a costly move.
- The chart below shows every decline in the Dow Jones Industrial Average (DJIA)\* greater than 20% since 1960:

Period	Market Decline	DJIA Change 1 Year After Decline	DJIA Change 2 Years After Decline (Cumulative)
Dec. 1961-June 1962	-23.2%	25.9%	48.1%
Feb. 1966-May 1970	-26.4%	29.6%	37.2%
Jan. 1973-Dec. 1974	-38.3%	38.3%	63.0%
Sep. 1976-Feb. 1978	-25.1%	9.0%	16.3%
Aug. 1987-Oct. 1987	-25.1%	7.8%	32.7%
Jan. 2000-Mar. 2003	-26.9%	29.6%	31.4%
Oct. 2007-Mar. 2009	-45.4%	42.7%	61.9%
<b>Averages</b>	<b>-30.1%</b>	<b>26.1%</b>	<b>41.5%</b>

Source: Dow Jones; as of 6/30/2011. Past performance is not a guarantee of future results.

History has demonstrated swift market recoveries could make sitting on cash a costly move.

Current yields for cash or cash equivalents such as 30-day U.S. Treasury bills (yielding 0.01% as of 6/30/11/11) are not compelling. The table below shows yields for various Treasury securities as of 6/30/11. Keep in mind that these yields are nominal – they do not account for the eroding effects of inflation.

Security	Yield
30-day Treasury Bill	0.01%
1-Year Treasury Bill	0.19%
2-Year Treasury Note	0.45%
5-Year Treasury Note	1.76%

Source: U.S. Department of the Treasury, as of 6/30/11. Past performance is not a guarantee of future results.

Do you really want to get out now?

\*The Dow Jones Industrial Average is an unmanaged, price-weighted index of 30 blue chip U.S. stocks. The DJIA was created by Charles Dow in 1896 as a general measure of the stock market, and today is compiled by editors of The Wall Street Journal. With over a hundred years of data behind it, the DJIA still serves as a reliable U.S. market's measure. This index captures price movements of the securities.

The information provided in this material should not be considered a recommendation to purchase or sell any particular security. Strategies discussed are subject to change at any time by the investment manager in its discretion due to market conditions or opportunities. Unlike Treasury bonds and bills, stocks are not backed by the full faith and credit of the United States. Stock and bond prices will experience market fluctuations. Please note that the value of government securities and bonds in general have an inverse relationship to interest rates. Indices are unmanaged and not available for direct investment.

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