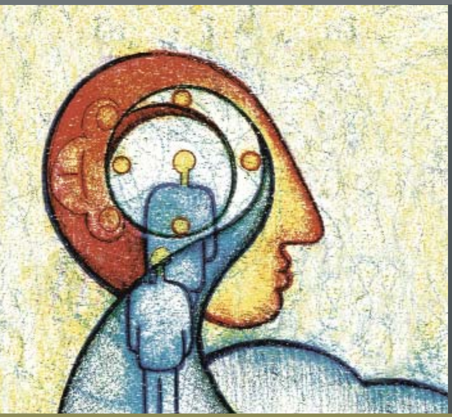
THE BRANDES INSTITUTE

A division of Brandes Investment Partners, L.P.



Publications, Presentations, Investment Challenge, *and* Manager Challenge®

ORIGINAL RESEARCH FOR INQUISITIVE INVESTORS

The Brandes Institute, a division of Brandes Investment Partners®, investigates potential opportunities arising from the influence of behavioral and structural factors on global investing.

Among the tools employed by the Brandes Institute to reach members of our diverse audiences are: management simulations such as the Investment Challenge and Manager Challenge.®

Here, we profile a selection of Brandes Institute publications and presentations available to financial advisors and their clients. For a complete listing of current research available please visit www.brandes.com/institute.

Among the wide variety of topics we address:

- **Emerging Markets:** Valuations, not high growth economies, have tended to drive emerging markets equity performance.
- **Carrying On?** A currency market inefficiency has provided the potential to improve investment returns by owning higher interest-paying currencies.
- **Fixed Income Falling Knives:** Investigating the performance of "falling knives" among U.S. corporate bonds.
- **Value vs. Glamour: A Global Phenomenon:** Examining the return differential between value and glamour stocks into 2010, based on the approach by Josef Lakonishok, Andrei Shleifer, and Robert Vishny ("LSV") in their landmark 1994 study.

We invite you to share these materials with clients and prospects to educate, challenge perceptions, and raise awareness on a variety of topics related to investing and portfolio management.

For financial advisors, select Brandes Institute materials provide continuing education credits for the Certified Investment Management Analyst (CIMA) program.

For more information about the Brandes Institute, visit www.brandes.com/institute or call us at 1.800.237.7119 or +1.858.755.0239 (if calling from outside the United States and Canada).

PUBLICATIONS AND PRESENTATIONS

Back to the Future: Conventional Investing in a Complex World

Robert Maynard, Chief Investment Officer for the Public Employee Retirement System of Idaho and Brandes Institute Advisory Board member, cautions investors about abandoning traditional investment plans. He advocates policies that are simple, transparent, and focused rather than adopting increasingly popular "alternative" tactics such as illiquid instruments and vehicles, leverage, and complex, opaque investment strategies.

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Behavioural Investing: A Practitioner's Guide to Applying Behavioural Finance

In this article, Brandes Institute Advisory Board member Bruce Grantier reviews James Montier's book *Behavioural Investing: A Practitioner's Guide to Applying Behavioural Finance.* Grantier finds that Montier's book effectively and convincingly communicates how the brain is hardwired to like short-term gratification (often leading to quick and easy decisions), and to dislike social-exclusion behaviour (often leading to herd-like decisions).

Benjamin Graham on Fixed Income

Drawing on books written by Benjamin Graham, we explore his thoughts on fixed income securities. Similar to his philosophy on common stocks, Graham's approach to fixed income is based upon the margin of safety concept.

Concentrated Portfolios: An Examination of Their Characteristics and Effectiveness

Historically, concentration in portfolios has not been well defined, yet many investors seem to regard it as a positive, based on the recent pace of introductions of more focused portfolios. With this study, the Brandes Institute (working in collaboration with Global Wealth Allocation) seeks to provide a more useful definition of concentration and test whether concentration, on its own, does in fact enhance returns.

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Creating Value Through Activism

From the perspective of an institutional asset manager, we explore risks and opportunities for activism, including why it has remained an infrequent option, whether it should be encouraged, as well as its potential and limitations in contributing to long-term shareholder wealth.

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Currencies & Hedging: The Longer-Term Perspective

Are currency markets efficient? Can hedging your international equity portfolio reduce your international diversification? Can stop-loss limits help overall hedging returns? In this study, the Brandes Institute compiled and analyzed data from 23 developed countries over more than 30 years of floating exchange rates to seek to answer the above questions and others. The findings may challenge many assumptions about currencies and hedging.

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Death, Taxes, and Short-Term Underperformance: *Non-U.S. Funds* Death, Taxes, and Short-Term Underperformance: *U.S. Funds*

While there may be few certainties in life, we believe short-term underperformance is one of them. In these articles, we study the performance of a wide range of international and U.S. equity mutual funds over the last decade. Our observations indicate that underperformance in shorter time periods – such as one quarter, one year, or even three years – is to be expected, even for portfolios that may have performed strongly over the long term.

Note: These articles have been filed with the FINRA.

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Dividend Yield and the Implications of Cash Sitting on Balance Sheets

Robust cash flow yields for large-cap stocks have reached unprecedented territory in 2010 in relation to both investment-grade and junk-bond yields. In this article, Brandes Institute Advisory Board Member Bill Raver examines how these cash flow yields suggest stocks offer compelling potential for capital return and appreciation for shareholders.

Equity Dispersion: Value Stocks yet to be Rewarded

The correlation of returns for various equity asset classes has been high. In addition, the range or "dispersion" of returns across asset classes – and across *sectors* within those asset classes – has been low. These factors have made it difficult for active managers to outperform. But dispersion of *valuations* remains relatively wide by historical standards, creating a fertile environment for value-based stock pickers. When return dispersion broadens or returns to more normal levels, these undervalued securities may outperform the broader market.

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Fixed Income Falling Knives

The Brandes Institute research, "Falling Knives Around the World," challenges the popular Wall Street adage "never catch a falling knife" among common stocks worldwide. In our initial fixed income research paper, the Brandes Institute investigated the falling knife phenomenon among U.S. corporate bonds. In Phase Two, we expanded our research to investigate the relationship between bond and equity prices in this context. Specifically, we looked for evidence of whether a company's stock price before a fixed income falling knife event gave any indication of its subsequent bond prices, or vice versa. Our research suggests that investors who perceive only risk among these securities may be passing up the potential for significant outperformance.

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Global Small-Cap Stocks: Reexamined and Redefined

Small-cap stocks have outperformed large caps in the United States, but not in non-U.S. markets. Why not? This study examines non-U.S. small-cap indices and reveals differences in how this asset class is defined.

Global Small-Cap Stocks: A Life Cycle Perspective

In Global Small-Cap Stocks: A Life Cycle Perspective, "life cycle" analysis is used to sort companies into different phases of development and challenge the notion that international small caps are similar to domestic small caps. In this research, we make a number of interesting discoveries on why international small caps are structurally different from domestic small caps, or even international large-cap stocks.

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The Group Dynamics Q-Sort

The Brandes Institute partnered with Professor Randall Peterson of the London Business School and Watson Wyatt to assess business management skills among investment managers using a tool, the Q-Sort, typically applied by social scientists. We believe the results shared in this research paper provide insights for interpreting firms' cultural characteristics and a context within which more informed decisions about managers' top management teams may be made.

Has the Carry Trade Worked In World Bond Markets?

The Brandes Institute paper "Carrying On?" documented a currency market inefficiency that had provided the potential to improve investment returns by owning higher interest-paying currencies. In this paper, we test whether this anomaly also was present in the global fixed income markets, using 10-year maturity government bonds.

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The Investor's Paradox: Making Intelligent Decisions Amid More Choices

Having more choices is always a benefit – or is it? In the book *The Paradox of Choice* (New York: HarperCollins, 2004), Professor Barry Schwartz convincingly argues that the process of making constant decisions amidst a sea of overwhelming choice – be it health care options, televisions, or investment products – can and often does result in behavioral biases, stress, and poor decisions. In this article, we share insights from *The Paradox of Choice* and discuss the potential implications for investors.

New Insights into the Case for Emerging Market Equities

While high growth economies in emerging markets tend to attract attention, recent research concludes that valuations were the key driver in historical equity performance in developing markets. In this updated paper, we share academic research that finds no discernable relationship between a country's GDP growth and subsequent stock market performance. We also review research demonstrating how emerging market stocks with the lowest valuations have tended to outperform those with higher valuations.

The Role of Expectations in Value and Glamour Stock Returns

When value and glamour stocks missed earnings expectation targets, what happened to their stock prices over the following year? While prices for glamour stocks fell as expected, prices for value stocks went up – even when business fundamentals deteriorated, based on results revealed in this Brandes Institute study. These findings counter assertions published by select scholars and provide fresh evidence explaining why value investing historically has been a successful long-term strategy.

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Structured Products: Asset Backed Securities – Opportunities Resulting from Systematic Mispricing

Asset-backed securities have attracted attention amid the uncertainty surrounding the mortgage sector and securitized debt. This paper examines the "boom/bust" cycle of subprime mortgage pools, and demonstrates how long-standing perceptions of rating agencies and their assessments could potentially be either a risk or an opportunity.

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Value vs. Glamour: Bond Performance

Previous research by the Brandes Institute has shown the historical long-term performance advantage of value stocks over glamour stocks. What about corporate bonds? Here, we show that bonds issued by value companies have provided greater appreciation than those issued by glamour companies.

Value vs. Glamour: A Global Phenomenon

Now updated with data through 2010, this research builds on a landmark 1994 study by Josef Lakonishok, Andrei Shleifer, and Robert Vishny. We investigate whether value stocks continued to outperform glamour stocks through the volatile market of the late 1990s and early 2000s. In addition, we extended the scope of the initial study to include non-U.S. markets, seeking to determine if the value premium has been evident worldwide.

Value Investing: Has It Worked in Emerging Markets?

The Brandes Institute's Value vs. Glamour research has demonstrated the historically persistent outperformance of value stocks in developed markets worldwide. In this article, we investigate whether "glamorous" companies in developing countries have outperformed their "value" counterparts between 1980-2007. We also reveal whether value investing has worked in emerging markets over the long term.

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Value vs. Glamour: A Study of the Indices

As described in "Value vs. Glamour: A Global Phenomenon," value stocks have outperformed glamour stocks over the long term. But what about commonly used benchmarks? Over the long term, aren't returns for growth and value indices about the same?

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Value vs. Glamour: The Challenge of Expectations

In "Value vs. Glamour: The Challenge of Expectations," the Institute examines the past performance of individual glamour and value stocks. We believe this performance data demonstrates why investors should be cognizant of the relationship between stock price and value. The specific stock references remind investors how companies with soaring growth rates and wide popularity may not always make great long-term investments.

INVESTMENT CHALLENGE

A global portfolio management simulation, the Investment Challenge is designed to educate and entertain. Participants compete against one another in a fast-paced, hands-on experience that involves stock research and selection, trading, and portfolio management skills. Web-based, the Investment Challenge can be conducted in person for conferences or seminars, or via the Internet for remote location events.

MANAGER CHALLENGE®

The Manager Challenge® is a web-based, investment strategy simulation. It was created to provide an interactive way for investment professionals to test and sharpen their manager selection and monitoring skills in a competitive, yet fun environment. It provides participants an exciting opportunity to manage a virtual portfolio – while learning valuable "real world" lessons. The Manager Challenge® can be conducted in person for conferences or seminars, or via the Internet for remote location events.

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***Indicates a presentation of this research is available upon request for client meetings or educational seminars.**

Past performance is not a guarantee of future results.

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