

While predicting the future is impossible, we turn to history for perspective and wisdom. Historically, there are numerous examples of overreactions in the market to various crises. In each of the examples shown below, we have seen a pattern of market recovery one to two years after the crisis low. Such patterns of overreaction and subsequent recovery have also been evident with individual stocks.

	Today	2000-2002	1998-1999	1997-1998	1994-1995
Catalyst for Fear	- Liquidity Crunch in Credit Markets - Real Estate Downturn	- Accounting Issues - Tech Bubble Bursting	- Tech Bubble - Neglected "Old Economy" Stocks	- Asian Crisis	- Impact of Euro on Western Europe
Areas of Opportunities	- Thrift & Mortgage Finance - Commercial Banking	- Telecommunications - Pharmaceuticals	- Tobacco - Aerospace & Defense - Insurance	- Asian Companies	- Italy - Spain

Historical Period	Market Low After Crisis	Dow Jones Industrial Average 1 year later	Dow Jones Industrial Average 2 years later (cumulative)
1948-1949: Berlin Blockade	7/19/48	-3.3%	13.2%
1950-1953: Korean War	7/13/50	28.8%	39.3%
1962: Cuban Missile Crisis (October)	10/23/62	33.8%	57.3%
1963: Kennedy Assassination (November)	11/22/63	25.0%	33.0%
1964: Gulf of Tonkin (August)	8/6/64	7.2%	3.1%
1969-1970: Stock Market Decline	5/26/70	43.6%	53.9%
1973-1974: Stock Market Decline	12/6/74	42.2%	66.5%
1979-1980: Oil Crisis	3/27/80	27.9%	5.9%
1987: Stock Market Crash	10/19/87	22.9%	54.3%
1990: Persian Gulf War	8/23/90	23.6%	31.3%
Average Appreciation		25.2%	35.8%

Sources: Contrarian Investment Strategies: The Next Generation by David Dreman, 1998, Simon and Schuster; The Brandes Institute

Past performance is not a guarantee of future results.

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. Indices are unmanaged and are not available for direct investment.

Taking Advantage of Opportunities in Today's Market

Investing in uncertain markets and 'out-of-favor' companies is consistent with the historical process at Brandes Investment Partners ("Brandes"). It is also in keeping with the basic tenets put forth, over 50 years ago, by Benjamin Graham in The Intelligent Investor. The following points may help further clarify:

Historical Precedent

During Brandes' history, there have been a number of occasions where we have realigned holdings to take advantage of extreme pessimism in the market. While all of these occasions have been unique, many share the common characteristic of being unpopular actions at the time.

Consideration from a Portfolio Context

We recognize that certain companies carry above-average risk. However, we may be able to purchase such companies at prices that create the potential for above-average returns. It is this risk/return trade-off that we consider in the decision of both whether to add the company to our holdings and at what allocation. In the end, while individual companies may grab the headlines, it is the overall investment returns that affect long-term wealth.

Grounded in the Tenets of Benjamin Graham

In *The Intelligent Investor*, Graham outlines a number of potential areas of investment for the 'Enterprising Investor.' One such area for investment is the "special situation" or "workout." Because of situations surrounding them, some of the securities in our portfolios may constitute special situations. While much of the news surrounding these securities can be very negative in nature, we continue to believe (as Graham did) that at the right price, there is a place for them in a well-diversified, value-based portfolio.

Market volatility is never easy to live through. Just as in the past, the general public may consider many of our portfolio moves to be very unpopular. We remain steadfast in our conviction that such moves are appropriate in a well-diversified portfolio context and remain grounded in the tenets of value investing put forth by Benjamin Graham.

A mutual fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by calling 1-800-395-3807 or visiting www.brandesinstitutionalfunds.com. Read it carefully before investing.

Mutual fund investing involves risk. Principal loss is possible.

The foregoing reflects the thoughts and opinions of Brandes Investment Partners[®] exclusively and is subject to change without notice. Strategies discussed are subject to change at any time by the investment manager in its discretion due to market conditions or opportunities. Industries and sectors mentioned herein are not to be construed as a recommendation to buy or sell any particular security. Diversification does not assure a profit or protect against loss in a declining market.

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