

1. Each week, analysts present investment candidates to the investment committees for review. For each company, the analyst submits a full valuation report and answers any questions posed by committee members.
2. Investment committee members, drawing on their knowledge and experience, work together to estimate each company's "intrinsic value," or its "true worth."
3. Each company's market price is tracked and compared with its intrinsic value estimate. Companies are ranked primarily by their "margin of safety," or the discount (in %) between their estimated intrinsic value and their market price. Other considerations for purchasing securities may include dispersion and penetration of positions among funds.
4. Generally, our mutual funds are constructed by purchasing shares of the 35 to 85 companies we consider to have the most solid margins of safety. Each purchase is typically held until its market price reaches its intrinsic value estimate or until we identify a more compelling opportunity.

Company's Symbol*	Intrinsic Value (per share)	Market Price (per share)	Margin of Safety
CHB	\$9.50	\$3.44	64%
IS	\$75.00	\$35.51	53%
JAB	\$46.50	\$22.81	51%
GRC	\$4.00	\$1.91	52%
BVW	\$27.00	\$14.60	46%
EWB	\$12.50	\$7.33	41%
WJB	\$31.50	\$18.74	41%
CNS	\$26.00	\$15.81	39%
JAD	\$9.50	\$5.92	38%
DCE	\$17.00	\$10.67	37%
RJG	\$38.50	\$24.20	37%
GSH	\$23.00	\$15.16	34%
GI	\$31.50	\$21.05	33%
KL	\$13.50	\$9.22	32%
JM	\$37.50	\$25.32	33%
AMM	\$60.00	\$41.13	32%
VSP	\$43.00	\$29.86	31%
WP	\$74.50	\$53.34	28%

*All data and company symbols are hypothetical and for illustrative purposes only and not a recommendation to purchase or sell any security. Any resemblance between hypothetical company symbols and real company symbols is unintentional.

Our Process In Practice: An Example

Why rank companies by margin of safety?

To help facilitate our bottom-up stock selection process, we rank companies by their margins of safety (other factors may include dispersion and penetration of positions among accounts). For each of the companies we cover, the ranking helps us compare our estimated intrinsic value with the up-to-date price of the company's stock. Using the ranking, our portfolio managers can quickly and dispassionately determine which stocks to purchase for new and existing accounts.

What does "margin of safety" mean?

We define the margin of safety as the difference between a company's market price and its intrinsic value estimate. In our opinion, the market will eventually realize the true worth of the company, and its price should climb toward its intrinsic value over the long term. Of course, we recognize that this won't hold true for every stock we purchase, and that diversification is critical to help reduce risk. Accordingly, we typically build funds of 35 to 85 stocks we deem to be attractively priced.

How is intrinsic value estimated?

To estimate intrinsic value, we draw on research and analysis of current and historical fundamental company information. The company's product lines, for example, are studied in detail, and its strengths and weaknesses relative to its competitors are appraised. Historical profit margin figures are gathered and evaluated, with particular attention paid to results during difficult times. Financial strength is measured using metrics such as ratios of debt-to-equity and cash price-to-cash flow.

From there, we typically estimate intrinsic value by focusing on earnings, cash flow, and other indicators of the company's wealth creation potential. Finally, this value is divided by the number of shares outstanding to arrive at an estimate of intrinsic value per share.

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.

Diversification does not assure a profit or protect against loss in a declining market.

Debt-to-Equity: total debt of a corporation divided by the corporation's common equity.

Price-to-Cash Flow: Price per share divided by cash flow per share.

Opinions expressed herein are those of Brandes Investment Partners® exclusively and are 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.

Brandes Investment Partners® is a registered trademark of Brandes Investment Partners, L.P. in the United States and Canada.

Brandes Investment Partners, L.P. is the Advisor to mutual funds distributed by Quasar Distributors, LLC (02/09).