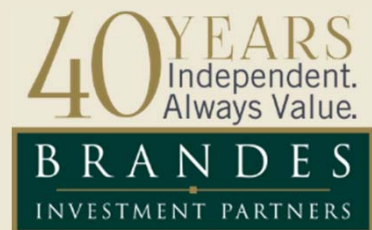




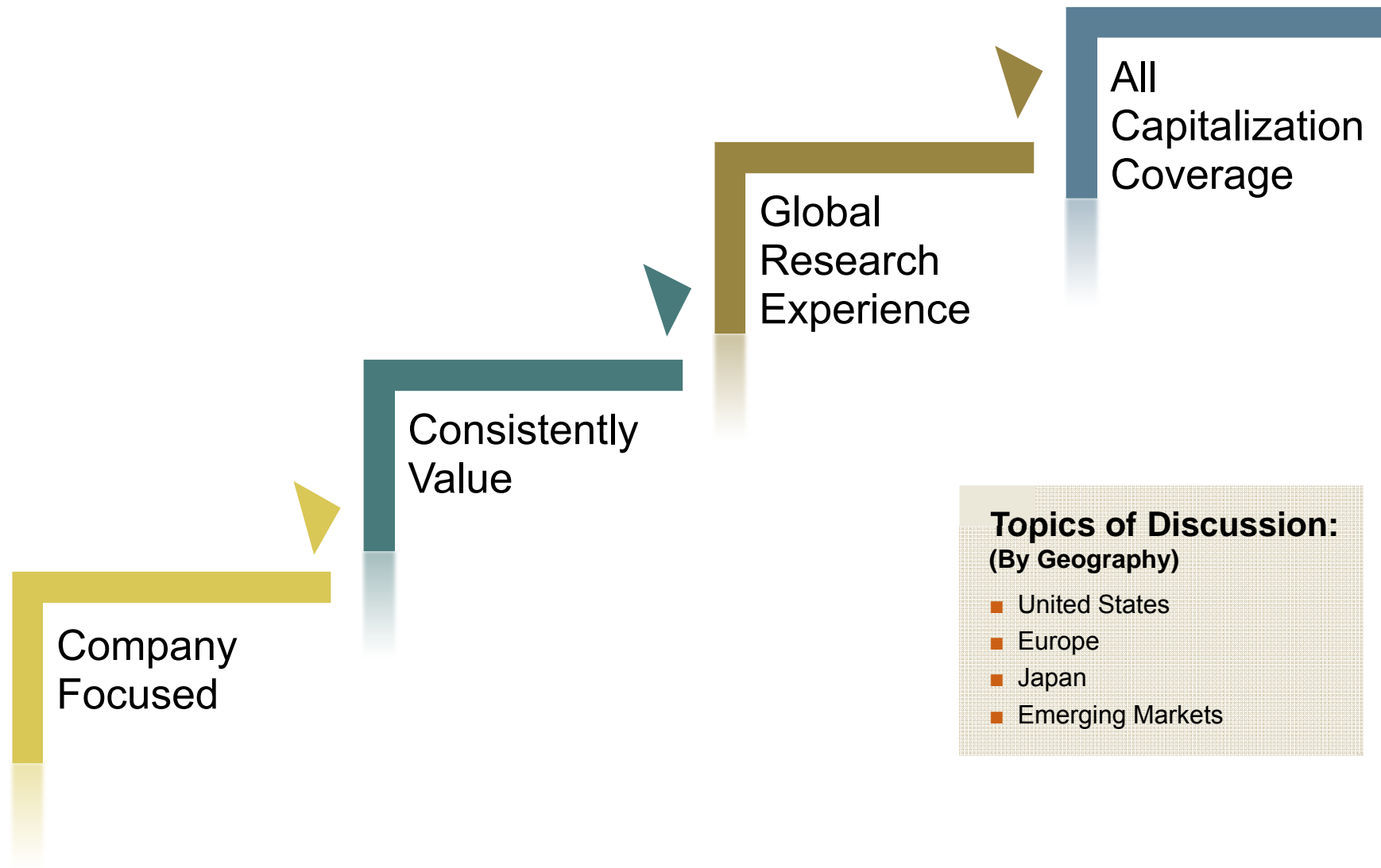
# GLOBAL INSIGHTS FROM THE BOTTOM-UP

Kenneth Little, CFA  
Managing Director, Investments Group

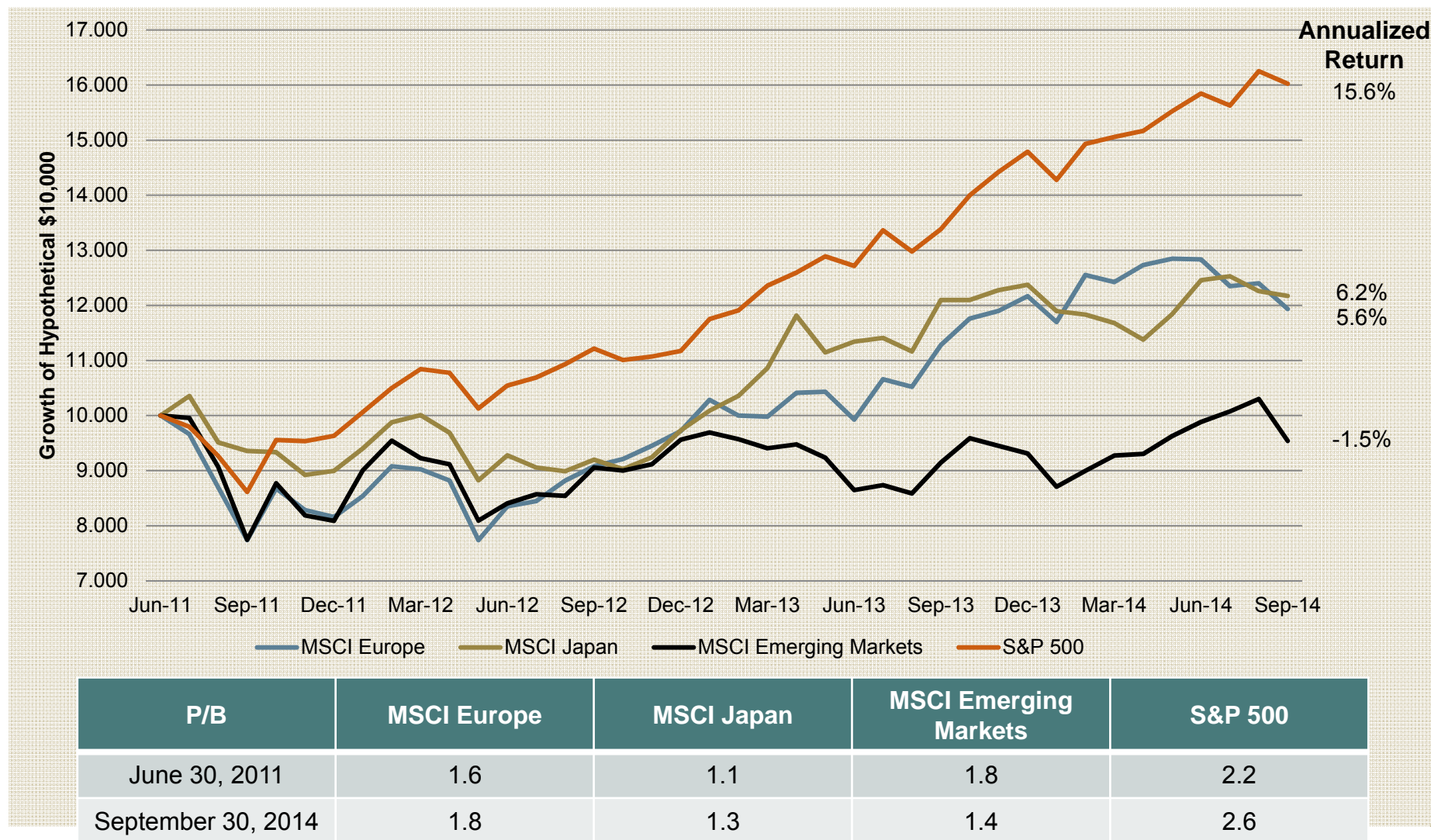
Jeffrey Germain, CFA  
Senior Analyst



# Global Insights from the Bottom-Up

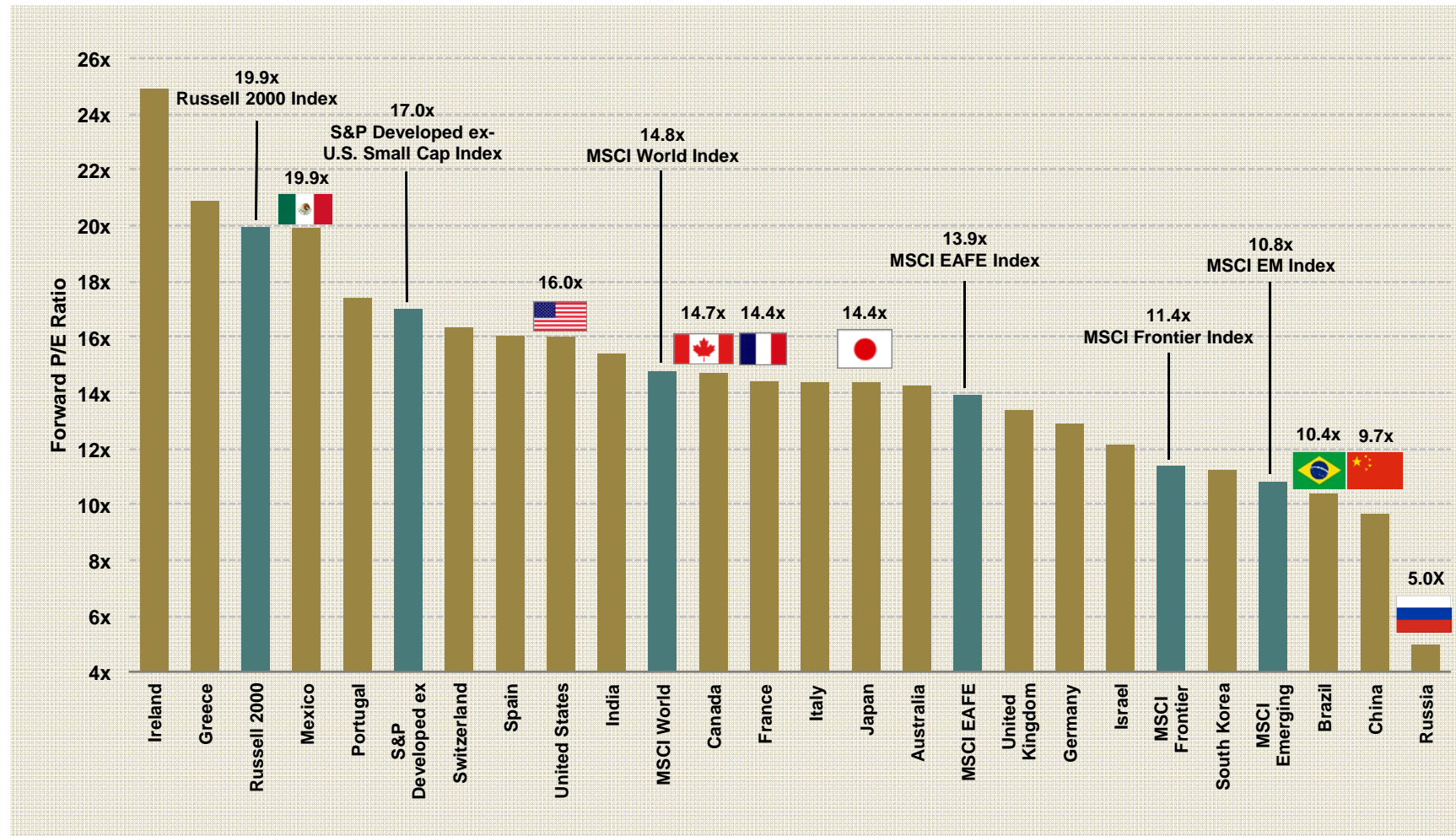


# Performance by Region Since June 2011



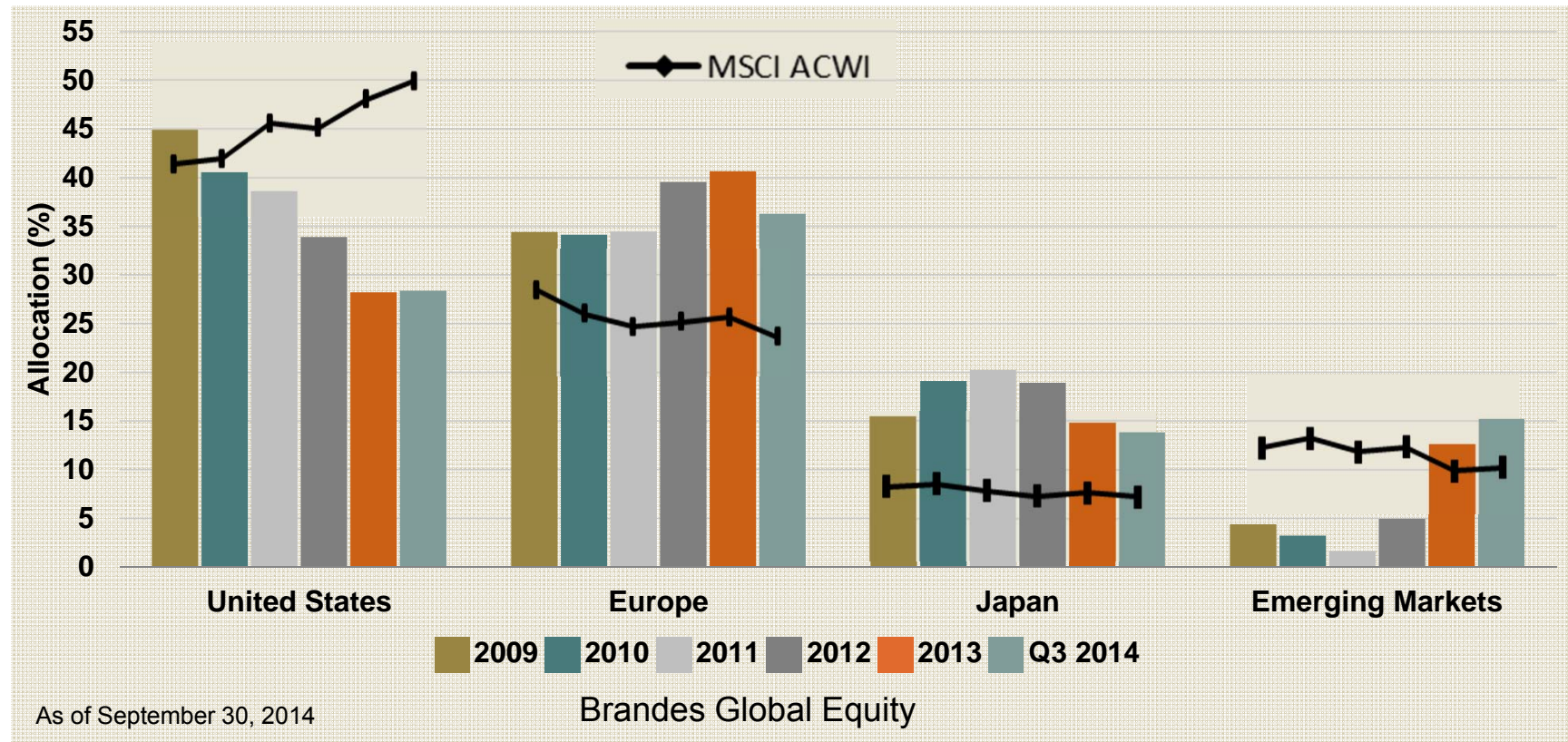


# Valuations By Country/Region



Source: FactSet. Forward P/E is Price / Next twelve Months Time-Weighted Annual estimates via FactSet Market Aggregates as of September 30, 2014

# Brandes Global Equity Weights vs. MSCI ACWI



Source: Factset as of 9/30/2014

The portfolio characteristics shown above relate to a single account as of date noted, deemed by Brandes to be generally representative of the strategy. Not every account will have these exact characteristics. The actual characteristics with respect to any particular account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment. Data is updated on a quarterly basis. Brandes reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs. It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

# United States Insights

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## We Believe the U.S. as a Whole is No Longer Undervalued

### Indications

- Cyclically adjusted P/E of S&P 500 is 26.3x vs. median of 16.0x
- Corporate profit margins appear elevated
  - Industrials

### Select pockets of value exist

- “Boring Tech” is attractive
  - High returns on capital
  - Strong free cash flow and history of returning cash to shareholders
  - Attractive valuations
- Financials
  - Decreased leverage
  - Improving loan book
  - Attractive valuations

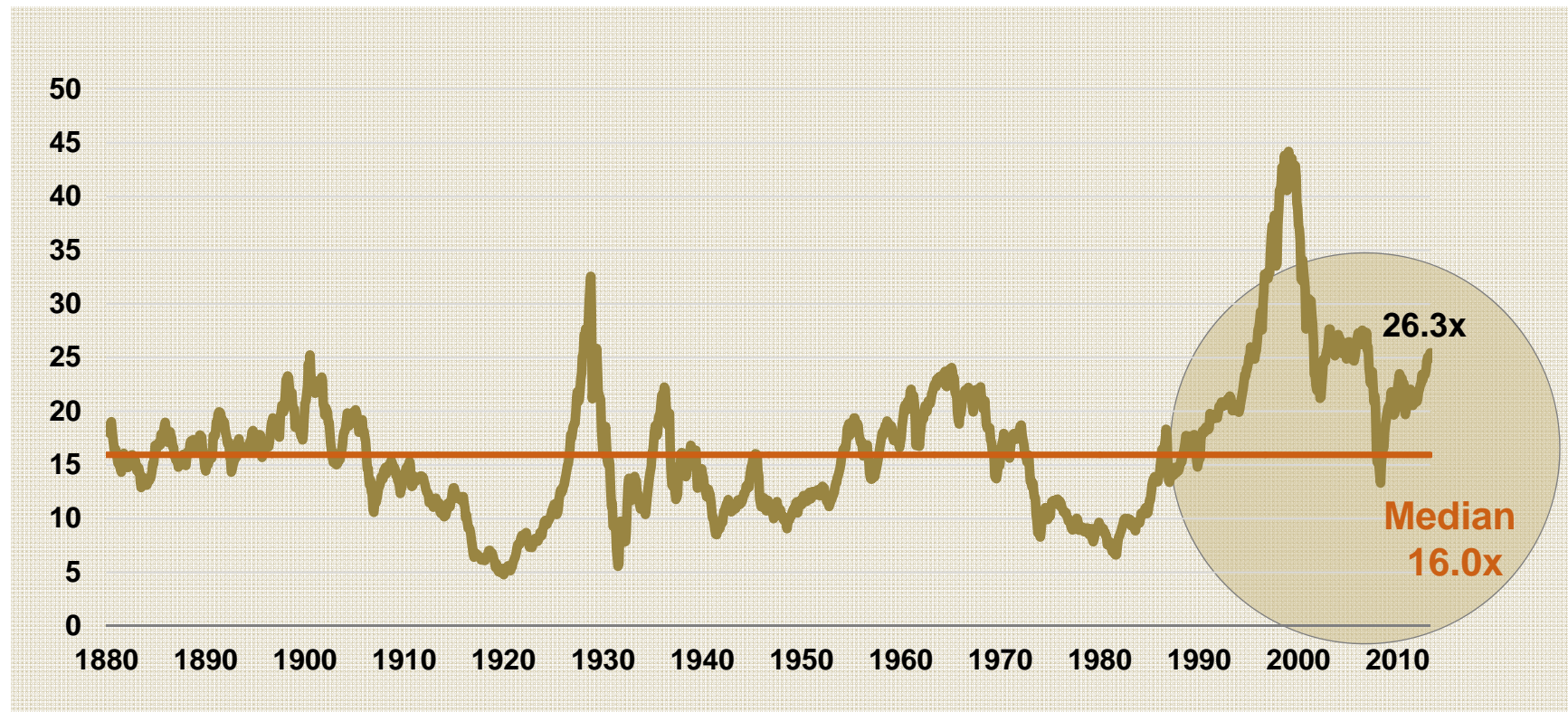
As of September 30, 2014

Source: Prof. Robert Shiller online data: <http://www.econ.yale.edu/~shiller/data.htm>; Shiller P/E defined as inflation adjusted price to 10Y average EPS from continuing operations. CAPE (cyclically-adjusted P/E) attempts to show the relationship between price and multi-year average company earnings in order to better estimate long-term earnings power. This valuation measure seeks to smooth out earnings fluctuations caused by business cycles while also reflecting the long-term effects of inflation.

# U.S. Long-Term Valuation History



## Cyclically Adjusted P/E (CAPE) for S&P 500



January 1880 to September 30, 2014

Source: Prof. Robert Shiller online data: <http://www.econ.yale.edu/~shiller/data.htm>; Shiller P/E (CAPE) defined as inflation adjusted price to 10Y average EPS from continuing operations. CAPE (cyclically-adjusted P/E) attempts to show the relationship between price and multi-year average company earnings in order to better estimate long-term earnings power. This valuation measure seeks to smooth out earnings fluctuations caused by business cycles while also reflecting the long-term effects of inflation. Past performance is not a guarantee of future results.



# Other U.S. Indicators Also Appear Elevated



## Several U.S. Indicators Give Us Caution

U.S. Activity Data	2008	2014	Notes
U.S. IPO Filings	104	366	TTM as of 12/31/2008 and 9/30/2014
U.S. M&A Value (US \$)	78bn	310bn	Quarter end as of 12/31/2008 and 9/30/2014
# of U.S. Leveraged Bond ETFs	3	16	As of 12/31/2008 and 9/30/2014
Total U.S. High-Yield Bonds Issued (US \$)	43bn	327bn	TTM as of 12/31/2008 and 9/30/2014
VIX	40.0	16.3	As of 12/31/2008 and 9/30/2014
Investor Sentiment	45%	69%	% Bullish & Neutral as of 1/1/2009 and 10/1/2014
Consumer Confidence	38.0	86.0	As of 12/30/2008 and 9/30/2014
Margin Debt	187bn	463bn	NYSE (US \$)
U.S. Corporate High-Yield Credit Spread	16.7%	4.4%	As of 12/31/2008 and 9/30/2014

As of September 30, 2014

TTM: Trailing Twelve Months; IPOs: Initial Public Offerings; M&A: Mergers and Acquisitions; ETFs: Exchange Traded Funds; VIX: CBOE Volatility Index; NYSE: New York Stock Exchange.

Sources: IPO- <http://www.renaissancecapital.com/ipohome/press/ipovolume.aspx>; M&A- <http://www.mergermarket.com/pdf/MergermarketTrendReport.Q12014.Global-FinancialAdvisorLeagueTables.pdf>; ETF- <http://guggenheiminvestments.com/getattachment/9599fa69-387e-48bc-bf56-670f9c0fcce7/High-Yield-and-Bank-Loan-Outlook-April-2014-.aspx>; High-Yield Bonds- <http://www.sifma.org/research/statistics.aspx>; VIX- <http://www.cboe.com/micro/vix/historical.aspx>; Investor Sentiment- [http://www.aail.com/sentimentsurvey/sent\\_results](http://www.aail.com/sentimentsurvey/sent_results); Consumer Confidence- <http://www.investing.com/economic-calendar/?eventid=38722#38722>; Margin Debt - [http://www.nyxddata.com/nyxddata/asp/factbook/viewer\\_edition.asp?mode=tables&key=50&category=8](http://www.nyxddata.com/nyxddata/asp/factbook/viewer_edition.asp?mode=tables&key=50&category=8). Credit Spread- The Barclays U.S. Corporate High-Yield Bond Index. Yield spread to Treasuries is the difference between the quoted yield of a U.S. high yield corporate bond to a comparable U.S. Treasury.



## RECENT VALUATIONS

# Extrapolate Elevated Earnings at High Multiples

## 10 Largest U.S. Industrial Companies\*

Company
General Electric Company
United Technologies Corp.
Union Pacific Corporation
3M Company
The Boeing Company
Honeywell International Inc.
United Parcel Service, Inc.
Caterpillar Inc.
Danaher Corporation
Emerson Electric

15.8x

Current Price to  
Forward  
Earnings Multiple\*\*

VS.

15.6x

10 Year Median  
Forward P/E Multiple\*\*

As of September 30, 2014

\*10 largest Industrial companies per S&P 500. Company data per CapitalIQ.

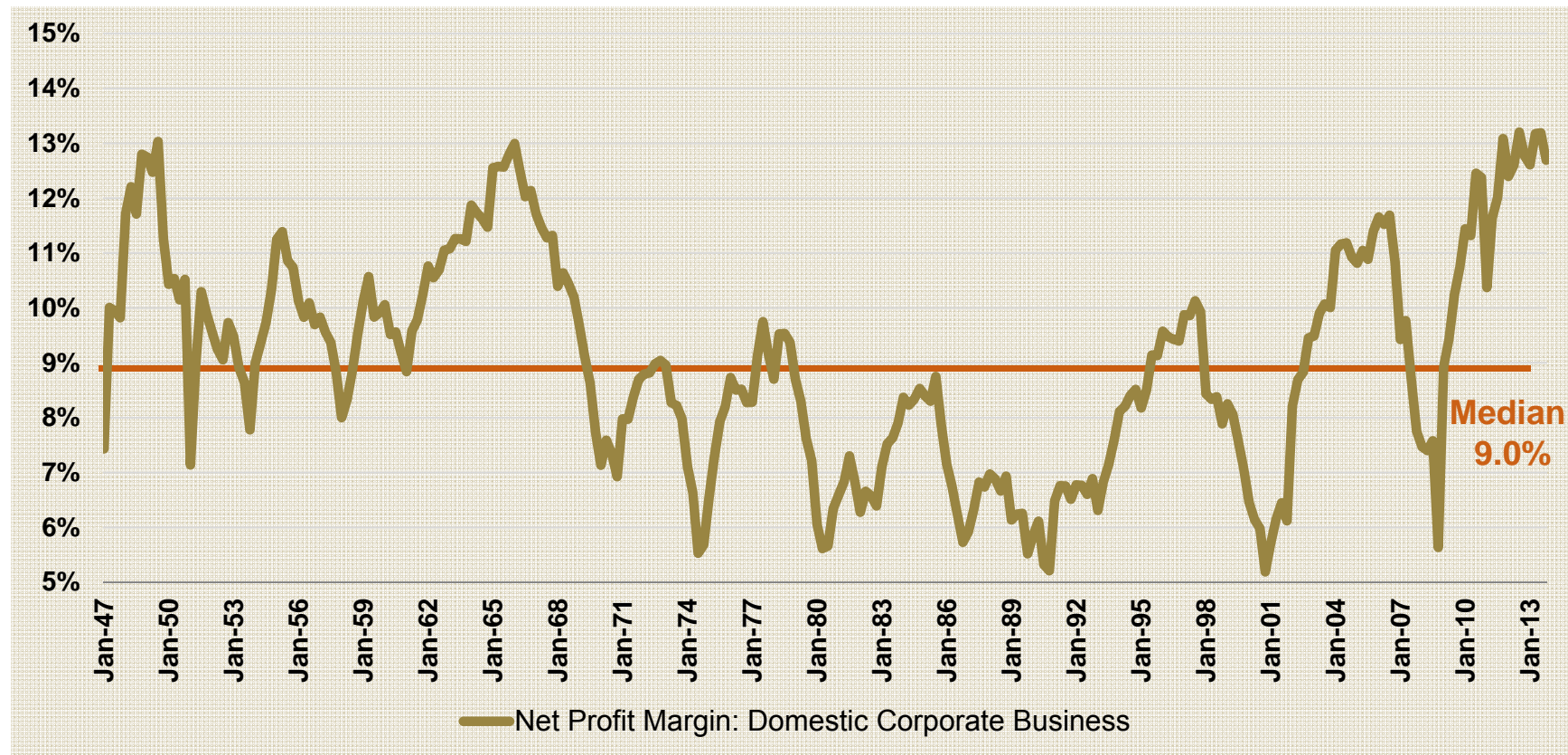
\*\*Top 10 median multiple

Forward Price to Earnings- Price as of date noted to consensus expected earnings for the next twelve months.

# U.S. Margins Appear Elevated



## Domestic Net Profit Margins are Near Historical Peak

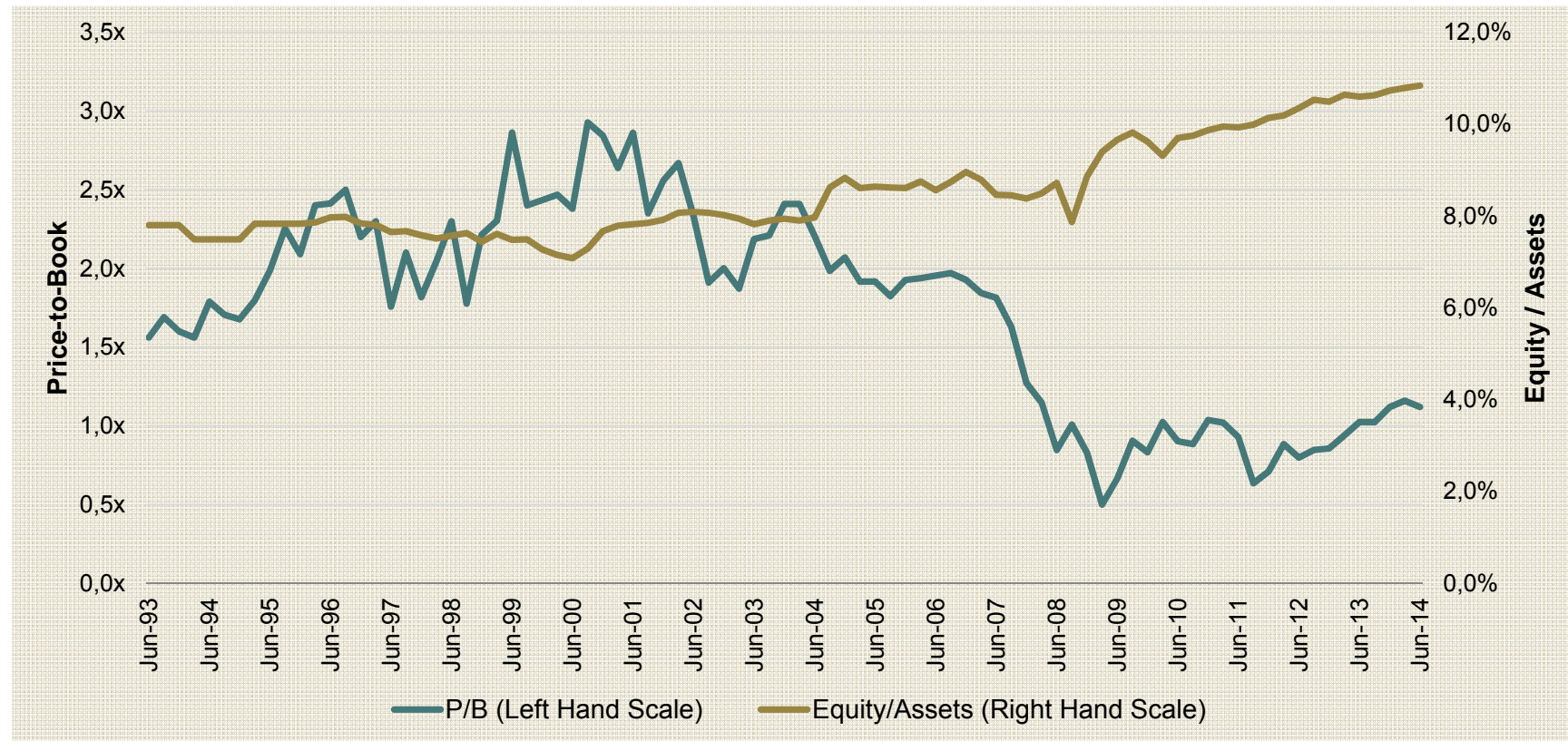


January 1947 to October 2013

Source: St. Louis Fed, FRED Economic Data. Gross Domestic Income defined as corporate profits with inventory valuation and capital consumption adjustments for domestic industries: Profits after tax with adjustments divided by gross value added of nonfinancial and financial corporate business.

# U.S. Banks: Prices & Equity

## Price-to-Book and Equity/Assets of U.S. Bank Index

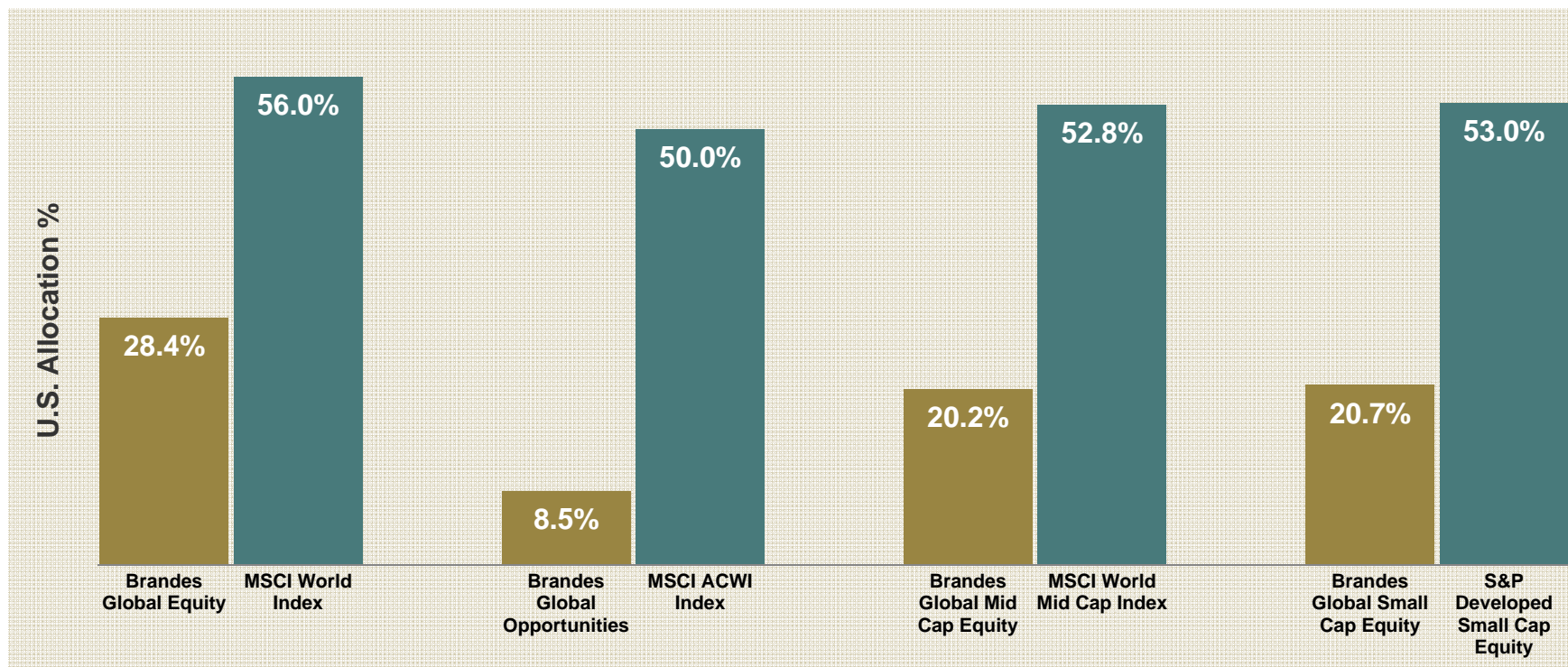


June 30, 1993 to June 30, 2014

Source: Bloomberg, FDIC, KBW Bank Index, SNL

# Current U.S. Allocations in Brandes Global Strategies

## Brandes Strategies vs. Benchmark



As of September 30, 2014

The portfolio characteristics shown above each relate to a single account as of date noted, deemed by Brandes to be generally representative of the strategy. Not every account will have these exact characteristics. The actual characteristics with respect to any particular account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment. Data is updated on a quarterly basis. Brandes reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs. It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.



# Europe Insights



## Opportunities, Especially for Value Investors

- Strong Value Performance over the past 21 months\*
- Valuations Remain Fairly Attractive
  - Cyclically adjusted P/E of MSCI Europe is 14.3x vs. 30-year median of 17.5x
  - Europe near historic low vs. U.S.
  - Corporate profit margins depressed
- We believe Europe offers a number of select opportunities
  - Value stocks appear more attractive than history
  - Food & Staples Retail case study

As of September 30, 2014

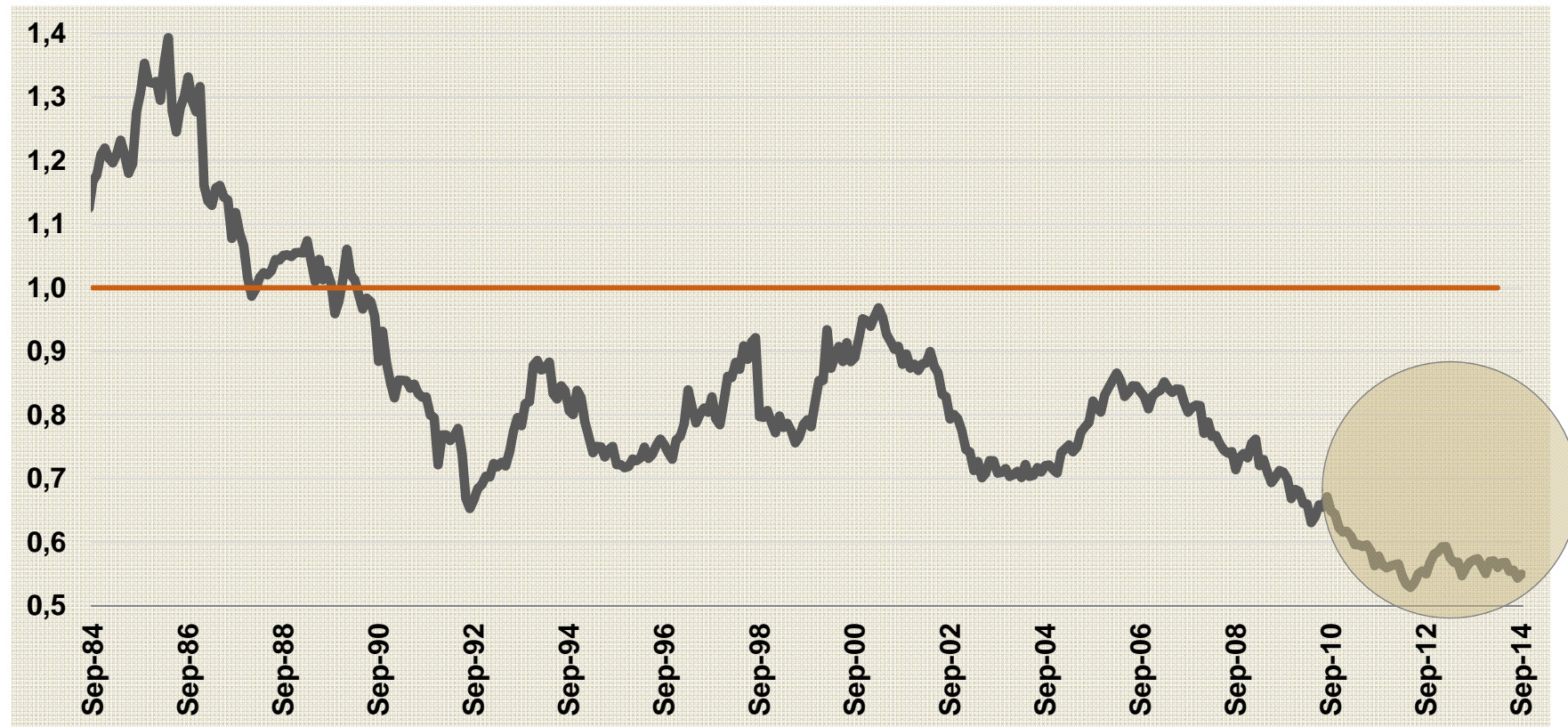
Source: Morgan Stanley, MSCI, S&P, various national sources; Shiller P/E (CAPE) defined as inflation adjusted price to 10Y average EPS from continuing operations. CAPE (cyclically-adjusted P/E) attempts to show the relationship between price and multi-year average company earnings in order to better estimate long-term earnings power. This valuation measure seeks to smooth out earnings fluctuations caused by business cycles while also reflecting the long-term effects of inflation. Past performance is not a guarantee of future results. Please note that all indices are unmanaged and are not available for direct investment. \*MSCI Europe Value Index has appreciated 13.9% over the past 21 months vs. MSCI Europe Growth up 11.0%.



# Europe Historic Lows vs. U.S.



## MSCI Europe Index CAPE Divided by S&P 500 Index CAPE



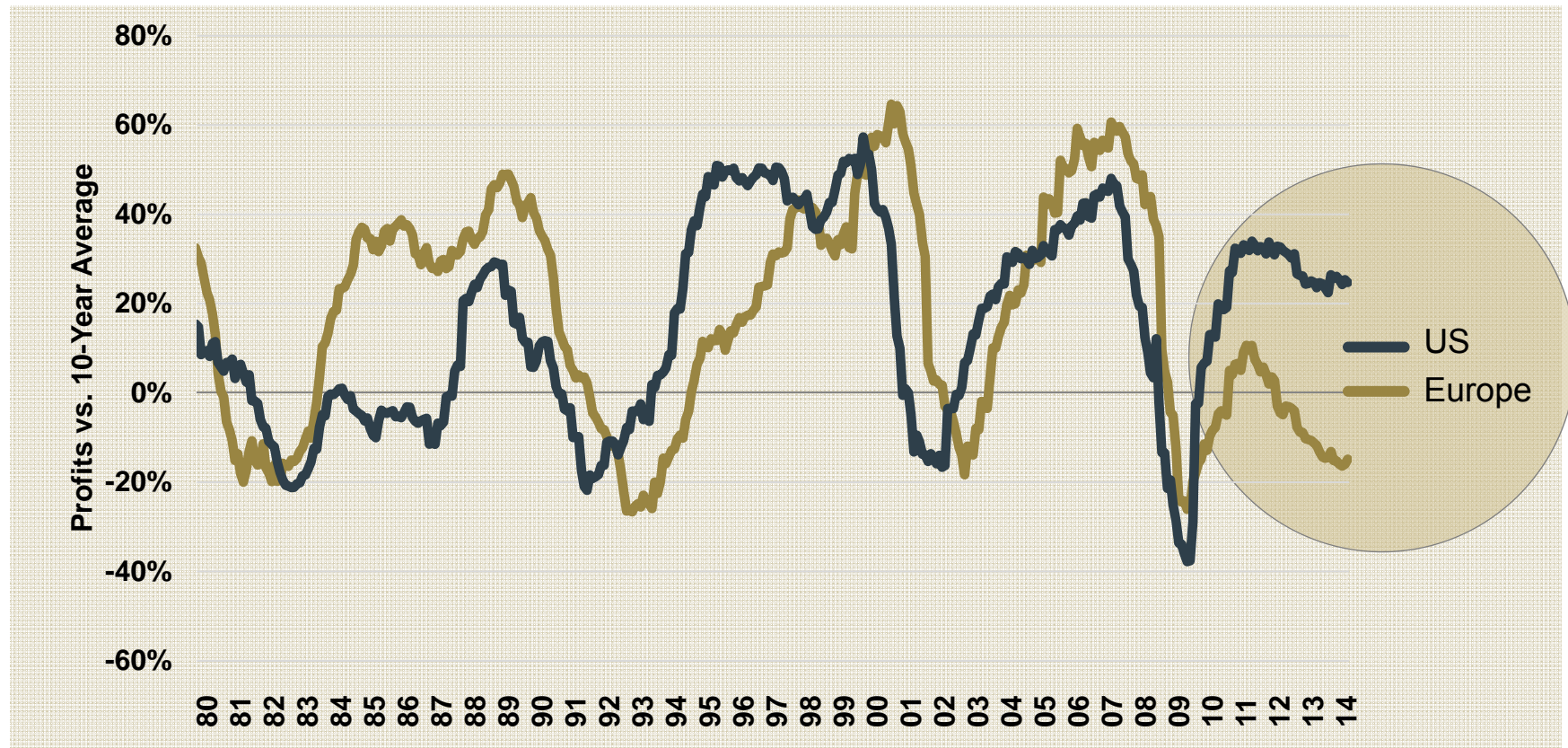
September 30, 1984 – September 30, 2014

Source: Morgan Stanley, MSCI, S&P, various national sources; Shiller P/E defined as inflation adjusted price to 10Y average EPS from continuing operations. CAPE (cyclically-adjusted P/E) attempts to show the relationship between price and multi-year average company earnings in order to better estimate long-term earnings power. This valuation measure seeks to smooth out earnings fluctuations caused by business cycles while also reflecting the long-term effects of inflation. In this chart, a reading above 1.0 indicates that prices for Europe stocks are more expensive than U.S. stocks in relation to their underlying long-term company earnings. A reading below 1.0 indicates U.S. stocks are more expensive on a long-term price/earnings basis. Past performance is not a guarantee of future results. Please note that all indices are unmanaged and are not available for direct investment.

# Profits Revert to Mean?



## U.S. and Europe Corporate Profits vs. 10-Year Moving Average

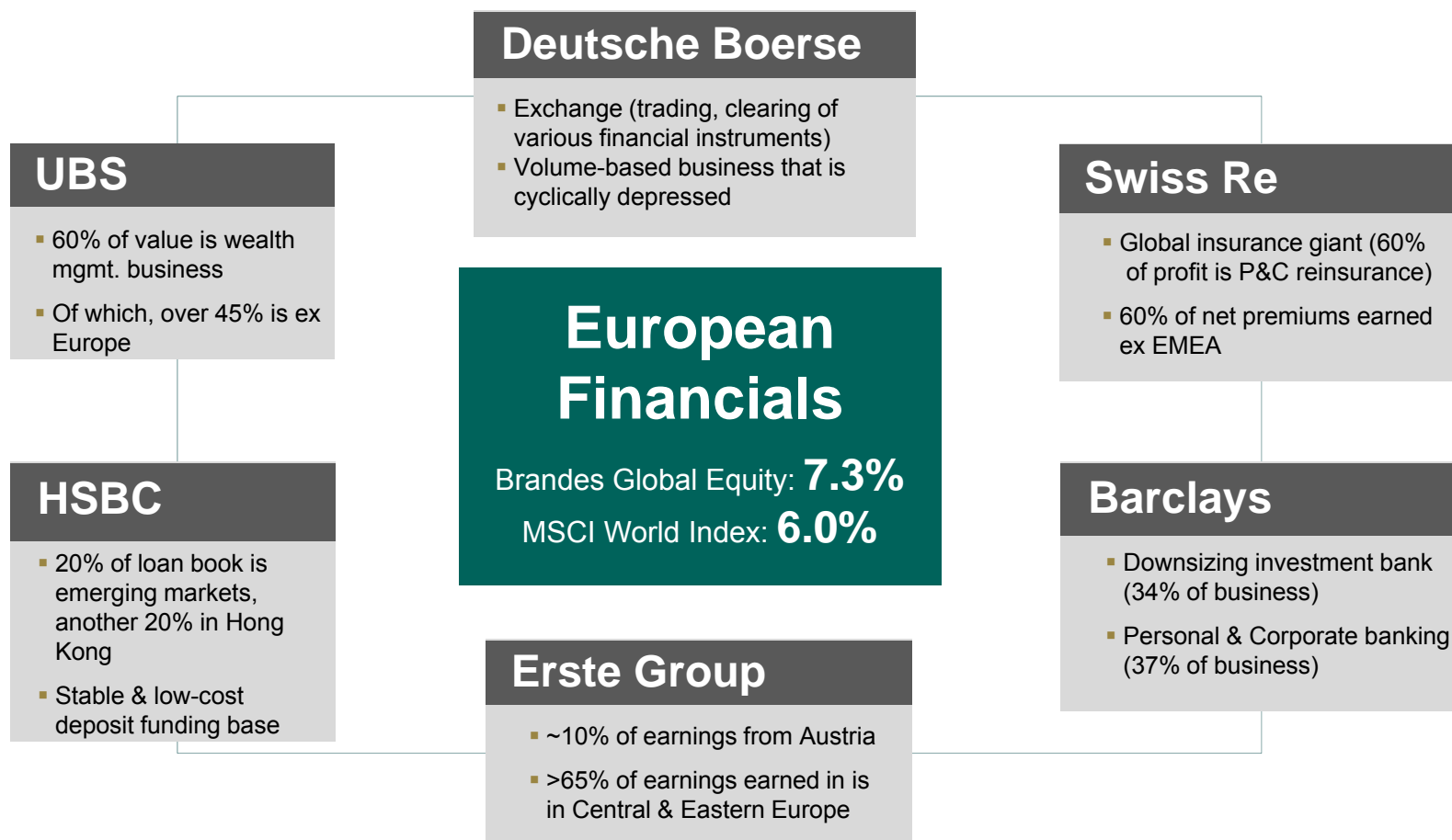


September 30, 1980 – September 30, 2014

Source: SG Cross Asset Research/Equity Quant, MSCI; Start date is the earliest data is available. Past performance is not a guarantee of future results.

# Brandes Global Exposure to European Financials

## Diverse Set of Countries and Subsectors



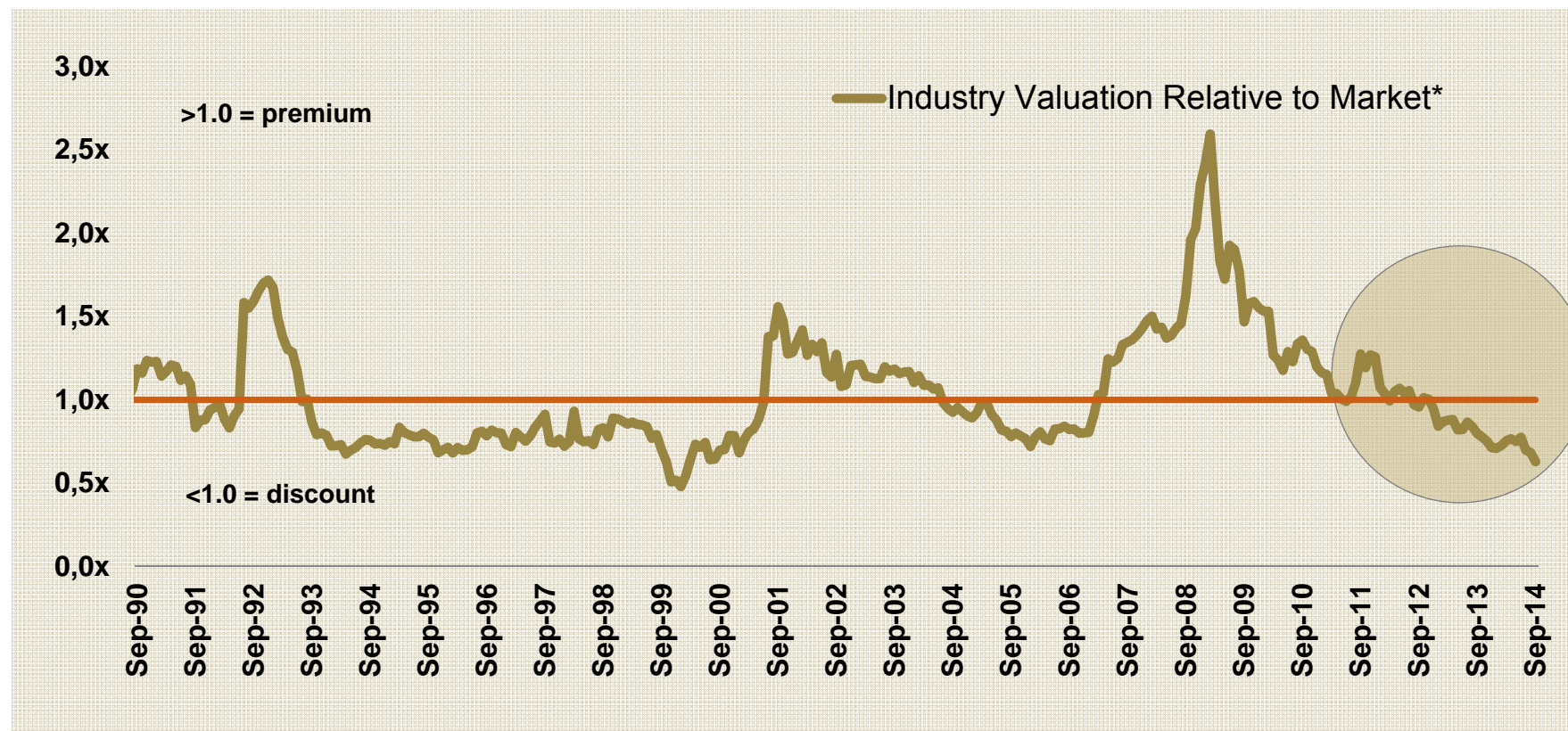
As of September 30, 2014

Source: MSCI, Brandes Investment Partners. The portfolio characteristics shown above are deemed by Brandes to be generally representative of the strategy as of the date noted above. Not every account will have these exact characteristics. The actual characteristics with respect to any particular account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment.



# Attractive Valuations in UK Food Retail

## UK Food & Staples Retailing: Relative Valuation



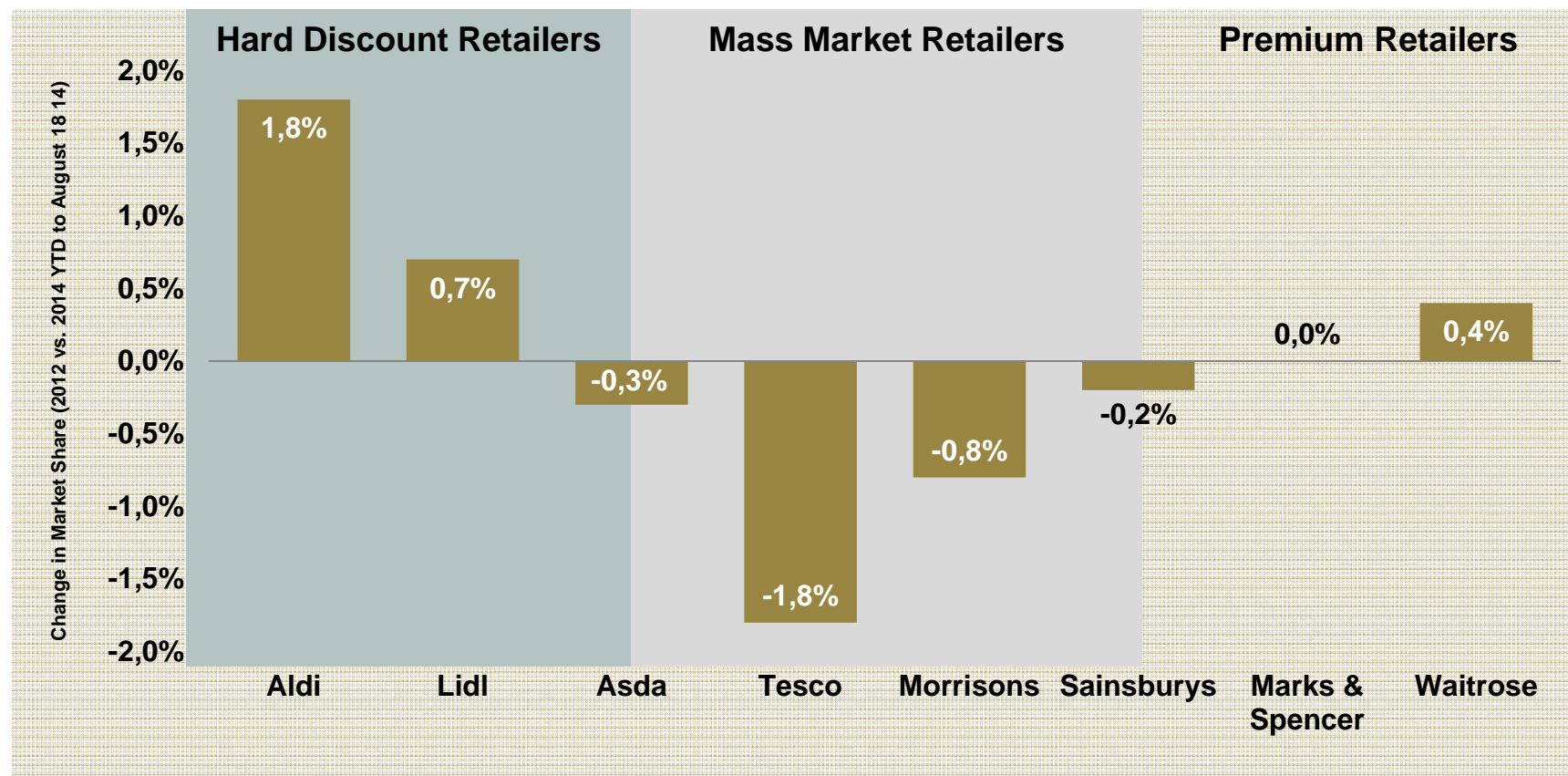
September 30, 1990 to September 30, 2014

Source: Worldscoop via FactSet. Market defined as the top 25% of companies in developed Europe based on market cap, after exclusion of securities with free float market cap <US\$100 million. As of 9/30/2014, this generally included all companies with market caps in excess of US\$500 million. Past performance is not a guarantee of future results.

\*Valuations measure based on earnings yield, average earnings over trailing four years divided by price.

# Bifurcation Hurts Those in the Middle

## Year Over Year Change in Market Share



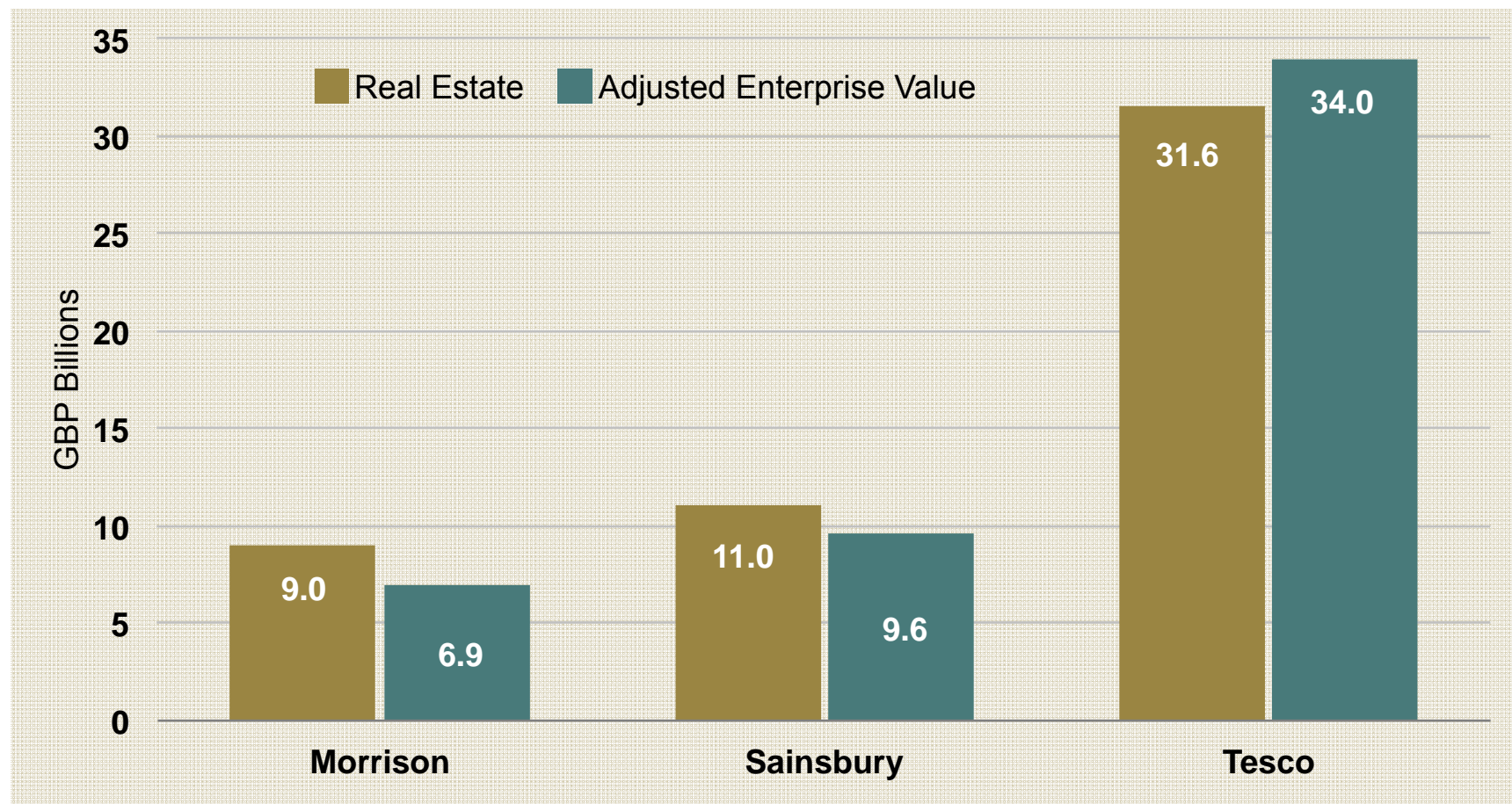
As of August 2014

Source: Company Quarterly Reports, <http://www.statista.com/statistics/300656/grocery-market-share-in-great-britain-year-on-year-comparison/>

# Real Estate Exceeds Enterprise Value



Paying Very Little for Underlying Operating Business

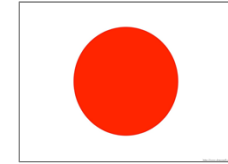


As of September 30, 2014

Source: Company filings, Bloomberg, CapitalIQ

# Japan Insights

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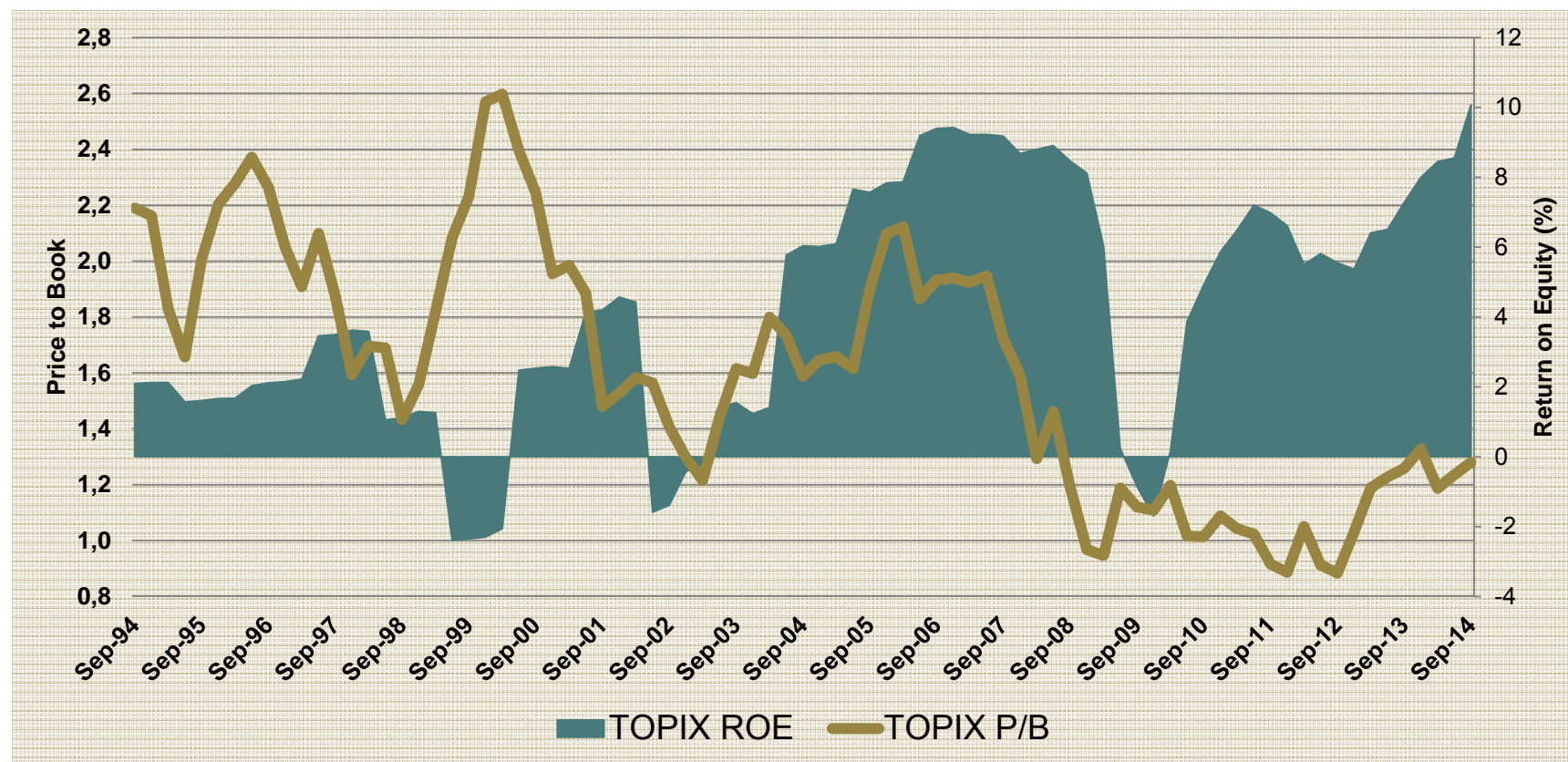
- Valuations appear attractive
  - Opportunities for value investors
- Corporate Governance and ROE focus welcomed
  - Select initiatives:
    - Nikkei 400
    - Stewardship Code
    - Corporate tax reform
- Value found in domestic and globally facing companies
  - Domestic
    - Insurance
    - Companies with net cash balance sheets and Net/Nets
  - Global in nature
    - Autos



# Attractive Valuations and Improving ROEs



## TOPIX Index P/B & Return on Equity (ROE)



September 30, 1994 to September 30, 2014

Source: Bloomberg; Japan represented by the TOPIX Index. Past performance is not a guarantee of future results.

# Notable Corporate Governance & ROE Initiatives

## Part of the Japanese Government's Revitalization Strategy

### 1 JPX-Nikkei 400

- New index:
  - 400 companies -- specific requirements for efficient use of capital (ROE)
  - Investor-focused management perspectives

### 2 Stewardship Code

- Fiduciary responsibility initiative by institutional investors:
  - Promote sustainable long-term corporate growth
  - Engage constructively with held companies
- 127 institutions signed the code\*

### 3 Government Pension Investment Fund Asset Allocation Changes

- AUM: \$1.26 trillion\*\* (world's largest pension fund)
- Plans to increase weighting of domestic stocks to at least 25% from a current 12% target\*\*\*

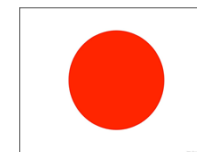
### 4 Corporate Tax Reform

- Announced plans to reduce the corporate tax rate in stages:
  - From 35% to below 30%
- Set to begin in 2015 fiscal year

December 31, 1993 – December 31, 2013

Source: \*Financial Services Agency as of June 10, 2014; \*\*GPIF Investment Results as of December 31, 2013; \*\*\*Source: Reuters as of October 31, 2014

# Japanese Corporate Governance in Action



September 25, 2014, 1:10 A.M. ET

## Japan Jumps In Corporate Governance Score

**Barron's Asia 9/25/14**

## Kawasaki Kisen shares up on ambitious ROE target

KOTARO HIDAKA, NQN staff writer

TOKYO -- Japanese companies are focusing more on return on equity as they look to woo -- and keep -- foreign investors.

**Nikkei Asian Review 8/28/14**

MARKETS

## In Japan, Dividends, Buybacks Take the Stage

Shareholders Grow More Active; Companies Respond

**WSJ 6/25/14**

May 17, 2014 4:33 am JST

## Income investors cheer Amada's resolve on shareholder returns

**Nikkei Asian Review 5/17/14**

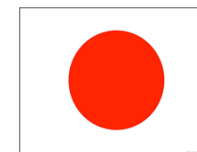
Japan Tobacco

## Turning over a new leaf

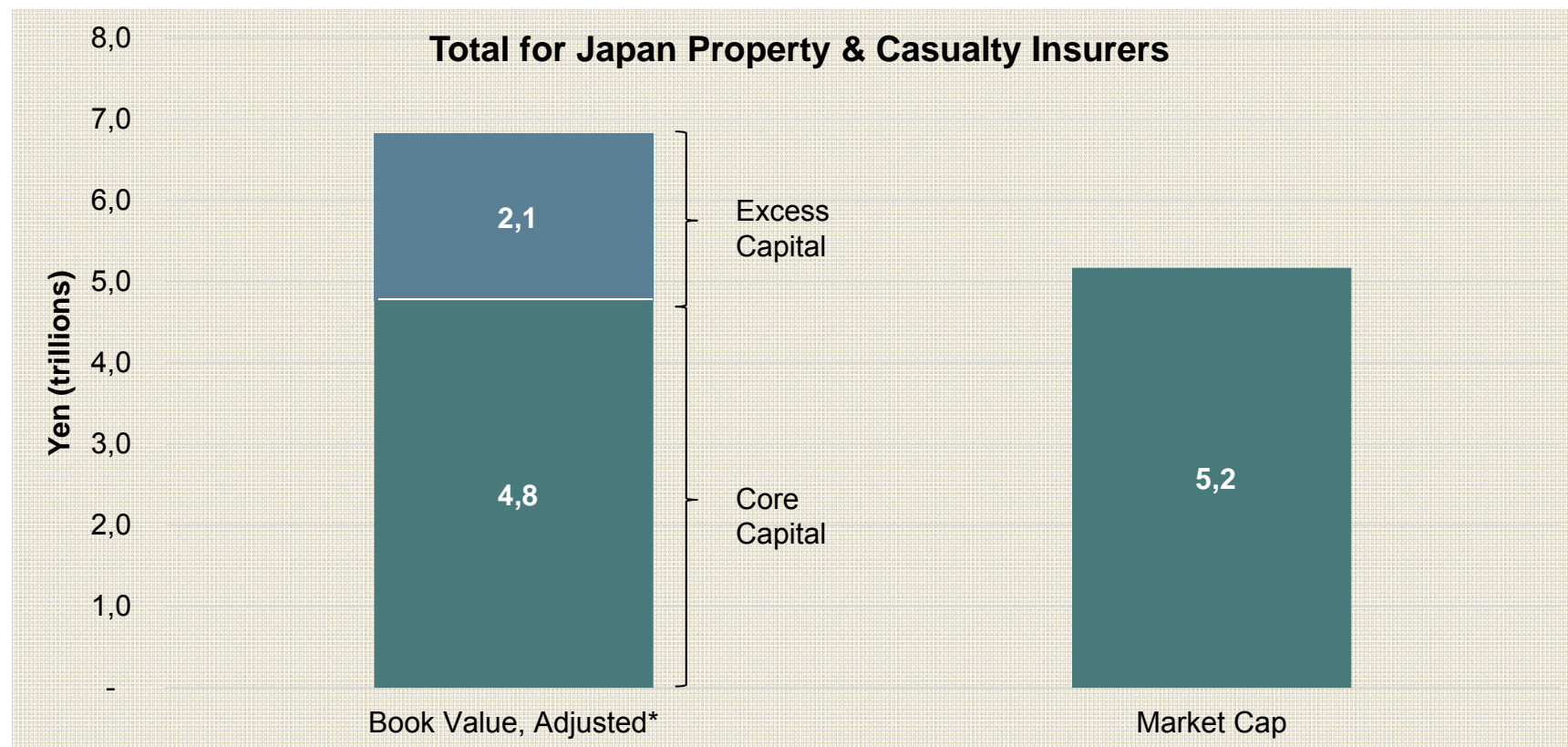
An activist hedge fund helps light up an old gasper

**The Economist 3/2/13**

# Value of Excess Capital Not Appreciated



**Market Price 25% Lower Than Adjusted Shareholders' Capital**



As of September 30, 2014

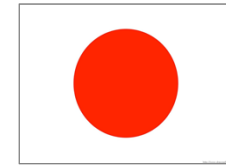
Source: Factset. Brandes Investment Partners, Company reports.

Japan Property & Casualty Insurers per CapitalIQ defined as all Japan based Property & Casualty Insurers greater than US\$250 million market cap.

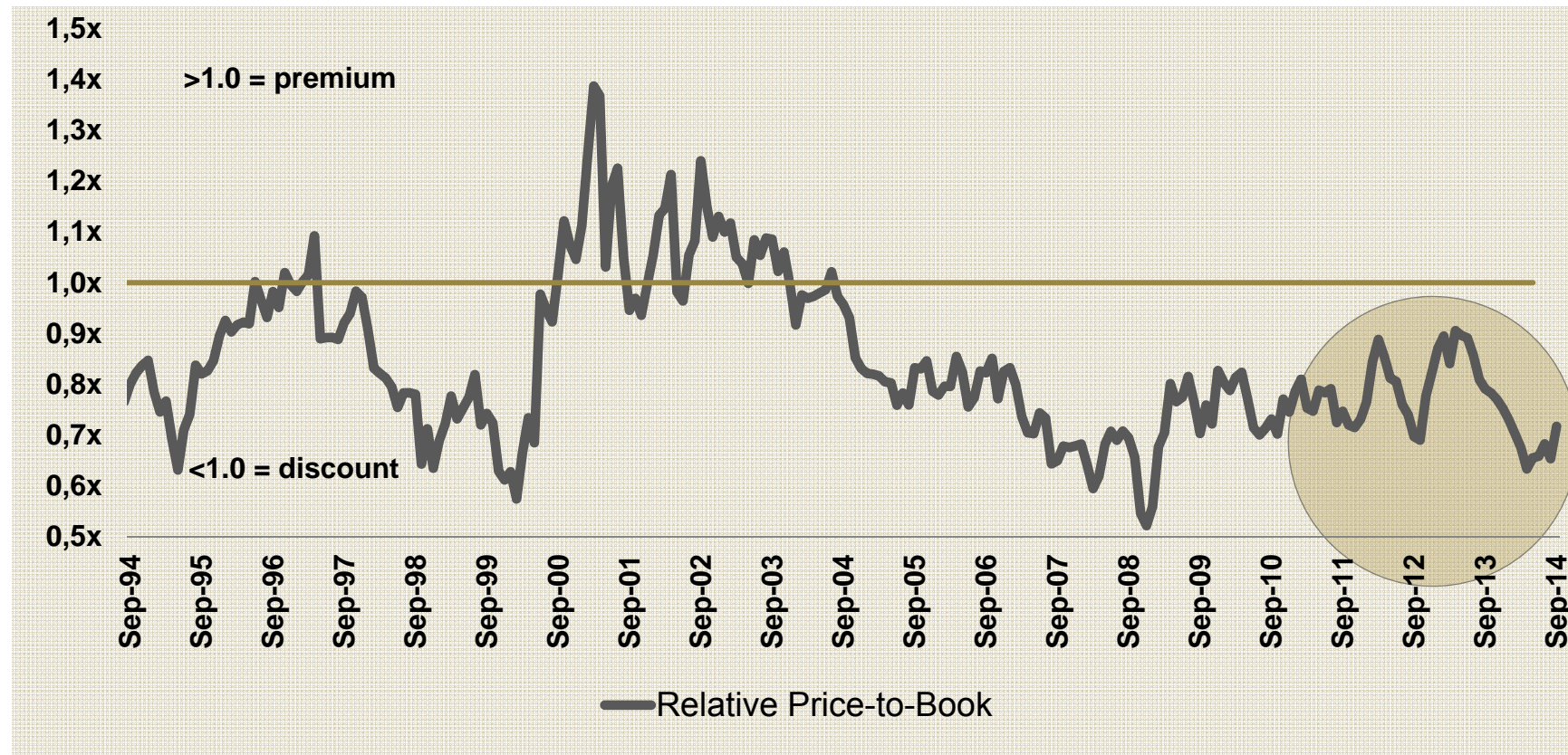
\*Book Value shown above is adjusted for various items such as catastrophe reserves, price fluctuation reserves, deferred acquisition costs, goodwill, and others unique to J-GAAP (Japanese generally accepted accounting principles).



# Japan Autos



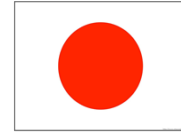
## Industry Valuation Relative to EAFE Index



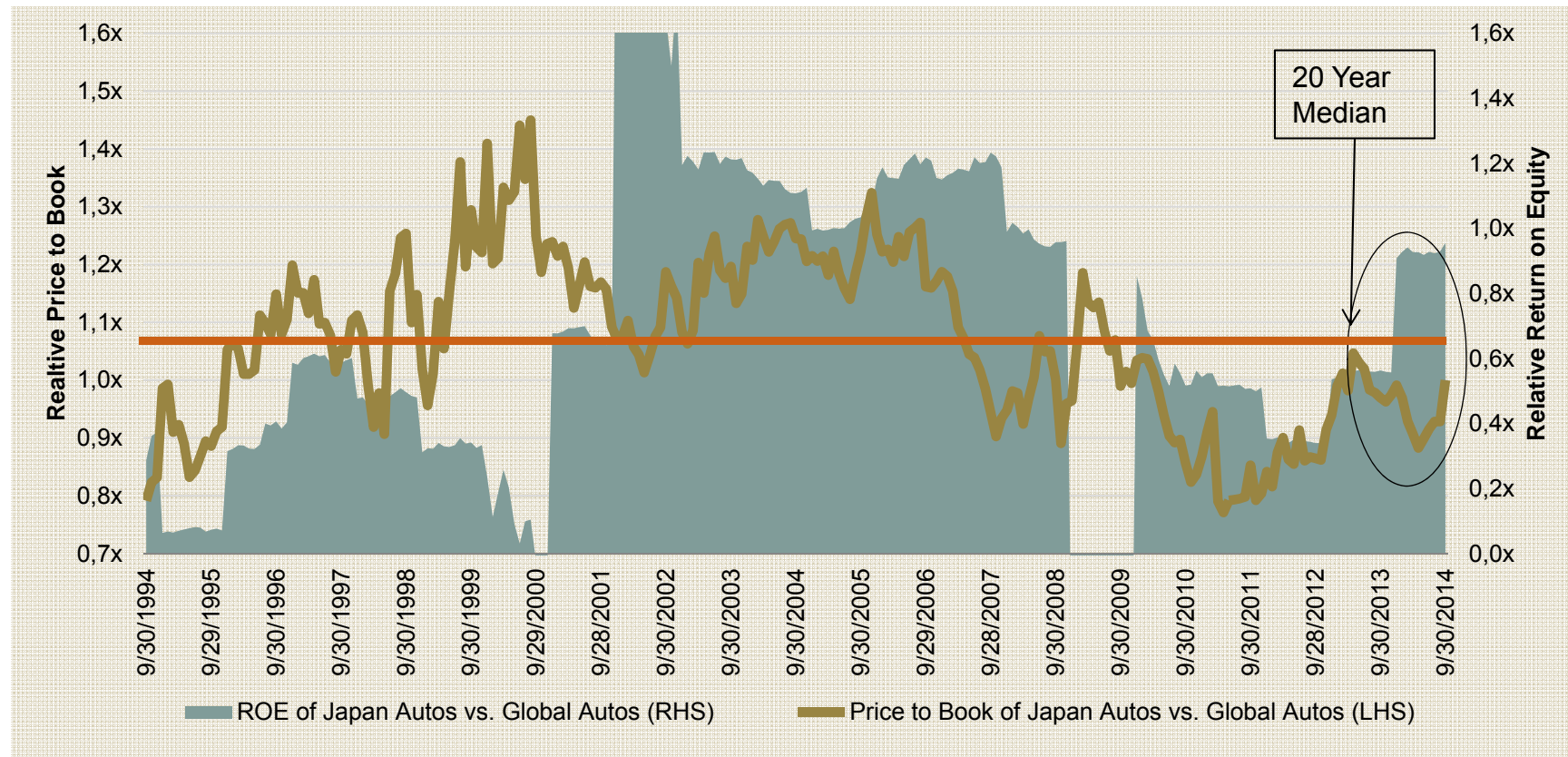
September 30, 1994 to September 30, 2014

Source: FactSet, Brandes Investment Partners. Past performance is not a guarantee of future results.

# Japan Autos Trade at a Discount to Global Autos & Have Improved Return on Equity



## Japanese Autos vs. Global Autos



September 30, 1994 to September 30, 2014

Source: FactSet, Brandes Investment Partners. Past performance is not a guarantee of future results.

# Emerging Markets Insights

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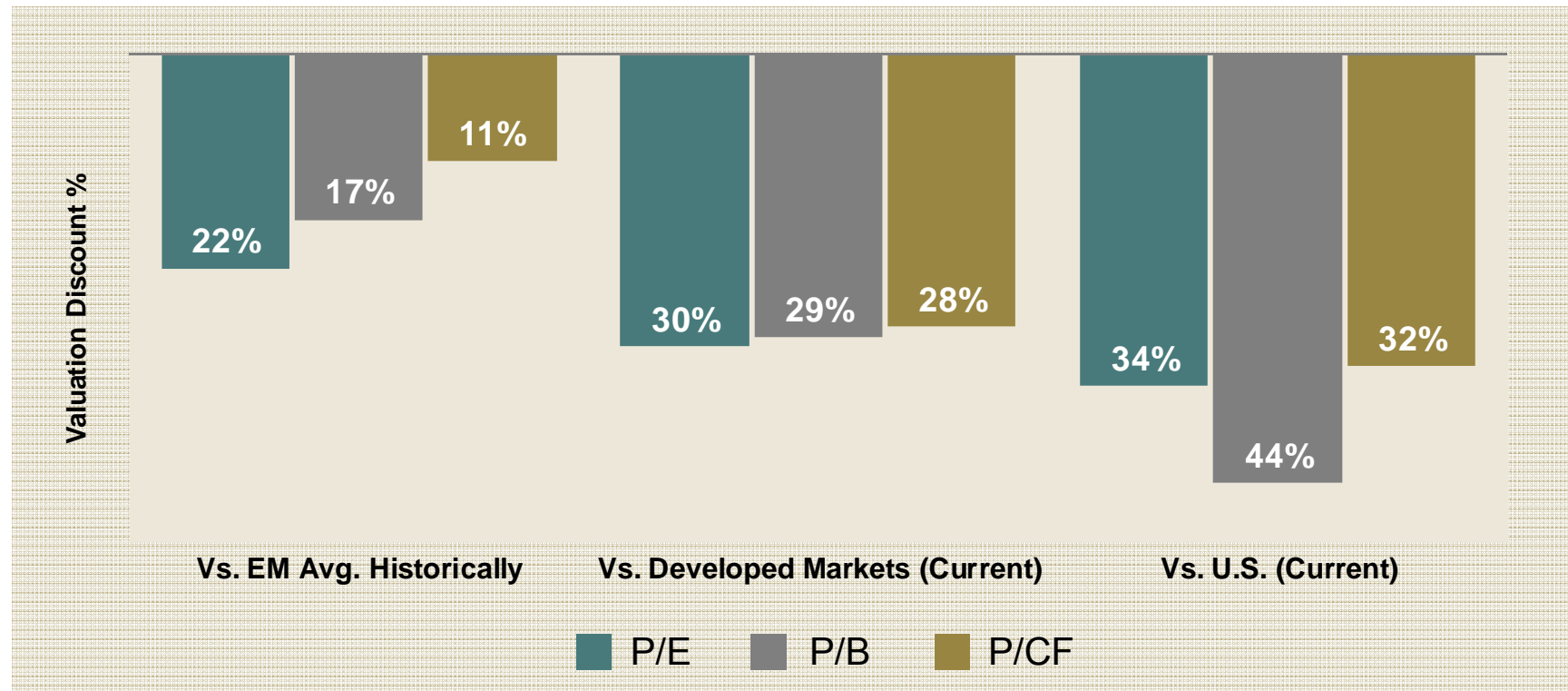
## Important to Remember, Not All Companies or Countries are Equal

- Valuations are attractive, both absolute and relative
- Variety of Concerns:
  - Russia and Ukraine
  - China
    - High investment to GDP
    - Credit growth
    - Potential slowdown
    - Implications for global economy
  - Federal reserve tapering impact
  - Currency depreciation fears
  - Politics (elections, reforms)

## EMERGING MARKETS

# Valuations Attractive on a Relative Basis

## MSCI EM Index Valuations vs. History, Developed Markets & U.S.



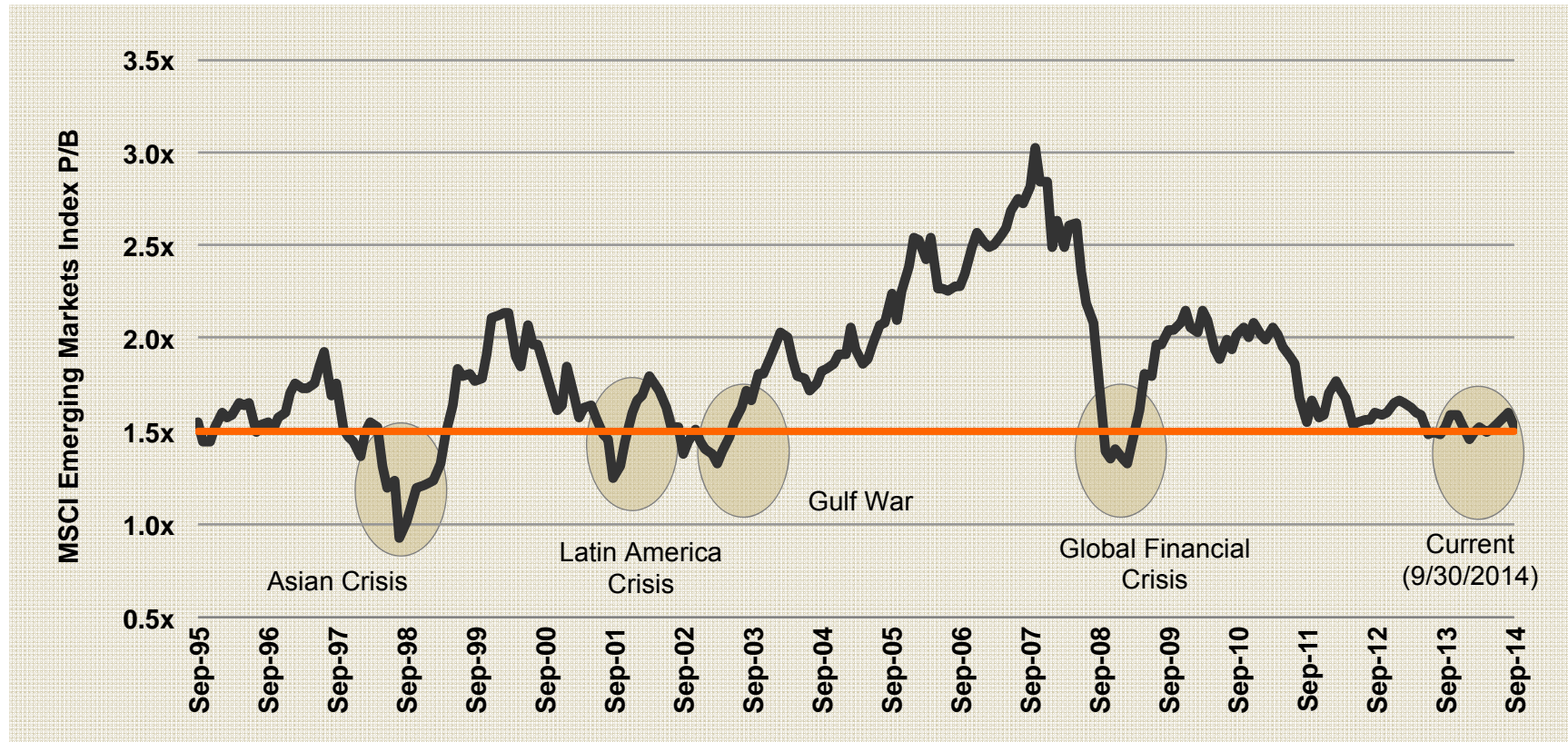
As of September 30, 2014

Source: MSCI 9/30/2014. "Vs. EM Avg. Historically" is based on the monthly average of the MSCI Emerging Markets Index from 9/30/1995 to 9/30/2014; Developed Markets represented by the MSCI World Index; U.S. represented by the S&P 500 Index. Past performance is not a guarantee of future results. Please note that all indices are unmanaged and are not available for direct investment. Price/Earnings average is an asset-weighted harmonic average. Price/Book average is an asset-weighted harmonic average. Price/Cash Flow average is an asset-weighted harmonic average. Price/Cash Flow is suppressed for the commercial banking, insurance, and thrift and mortgage finance industries in both the portfolio and index calculations to be consistent with MSCI's practices. Price/Book, Price/Earnings, Price/Cash Flow for each security provided by Bloomberg, L.P. Please note that Bloomberg does not provide negative numbers in the data feed. Index fundamentals are calculated from holdings data as provided by the relevant index or by Thomson Reuters Worldscope, excluding negative numbers for consistency. Thus, index fundamentals calculated by Brandes may differ from those computed and published by index providers.



## EMERGING MARKETS

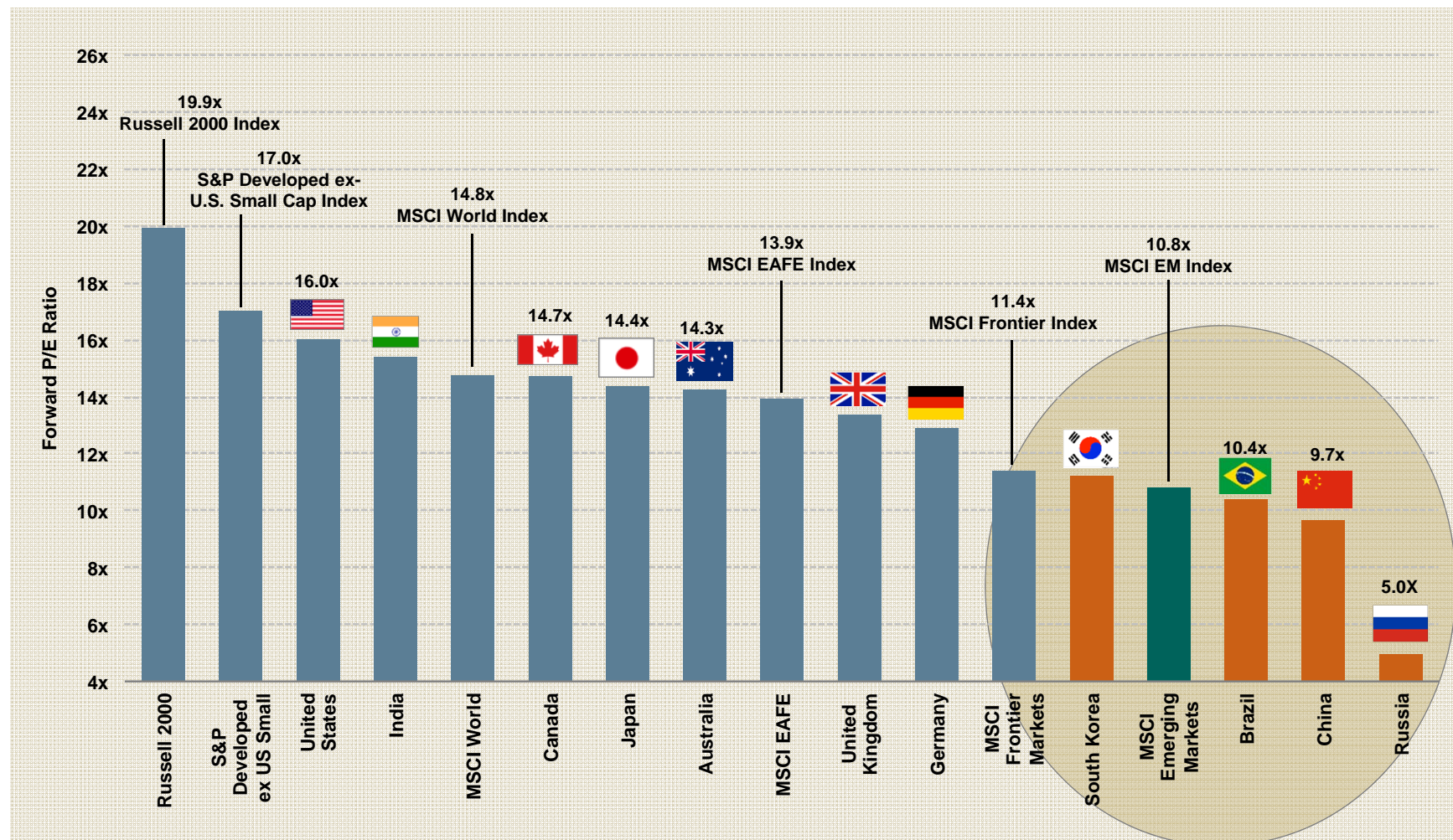
# Valuations Near Prior Crisis Levels



MSCI EM Index P/B: September 30, 1995 to September 30, 2014

Source: MSCI. Past performance is not a guarantee of future results. Please note that all indices are unmanaged and are not available for direct investment. Price/Book average is an asset-weighted harmonic average. Price/Book for each security provided by Bloomberg, L.P. Please note that Bloomberg does not provide negative numbers in the data feed. Index fundamentals are calculated from holdings data as provided by the relevant index or by Thomson Reuters Worldscope, excluding negative numbers for consistency. Thus, index fundamentals calculated by Brandes may differ from those computed and published by index providers.

# Emerging Markets Valuations Remain Attractive

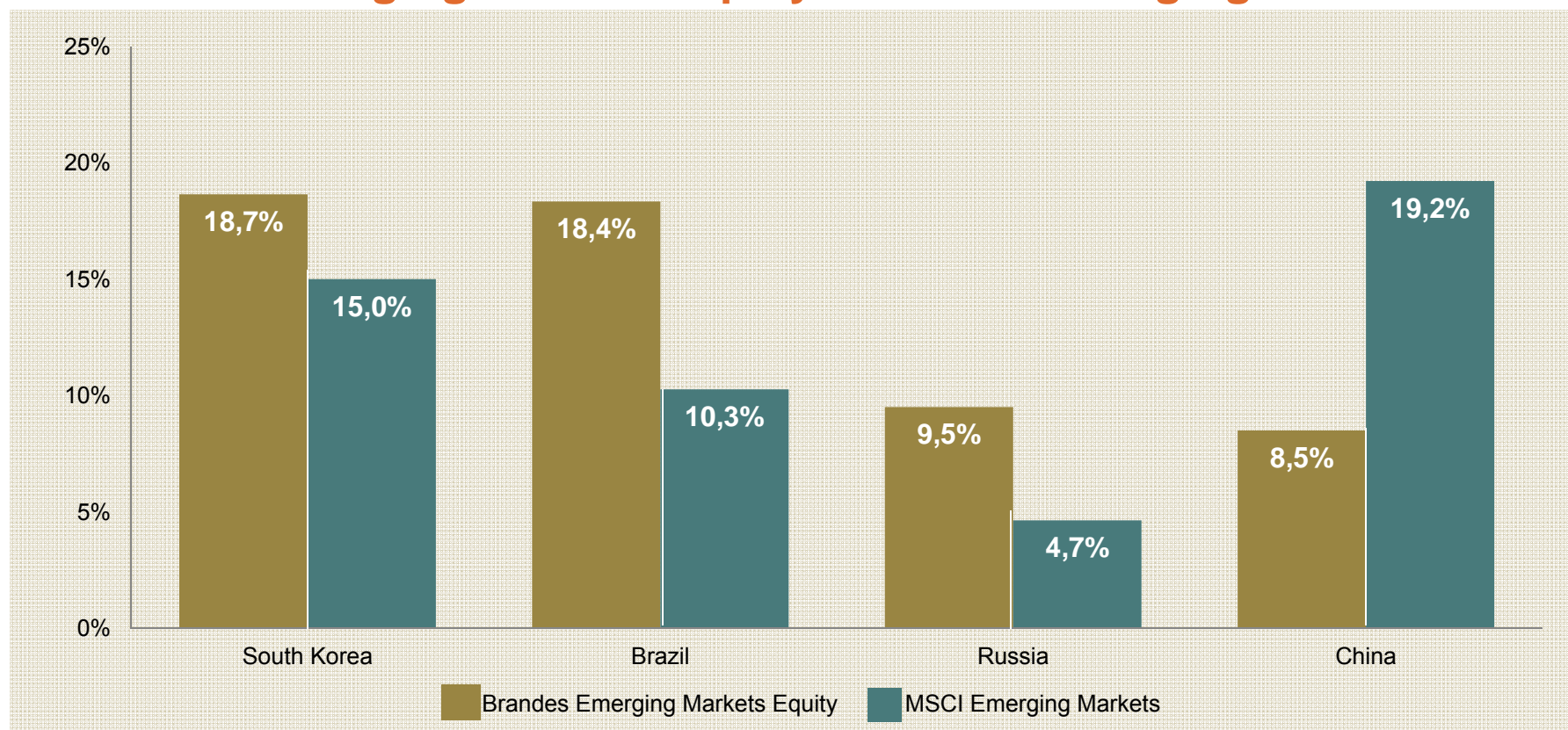


As of September 30, 2014

Source: FactSet. Forward P/E is Price / Next Twelve Months Time-Weighted Annual estimates via FactSet Market Aggregates as of September 30, 2014

# Current Allocation in Emerging Market Countries

## Brandes Emerging Markets Equity vs. MSCI Emerging Markets



As of September 30, 2014

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# Finding Value – Extremely Selective



## Concerns

- High levels of gross fixed capital formation (i.e. Investment to GDP)
- Real estate construction boom
- Industry overcapacity
- Speed of credit growth and credit quality

## Opportunities

- Urbanization
- Rising middle class
- Underpenetrated markets
- Attractive valuations
- A share market

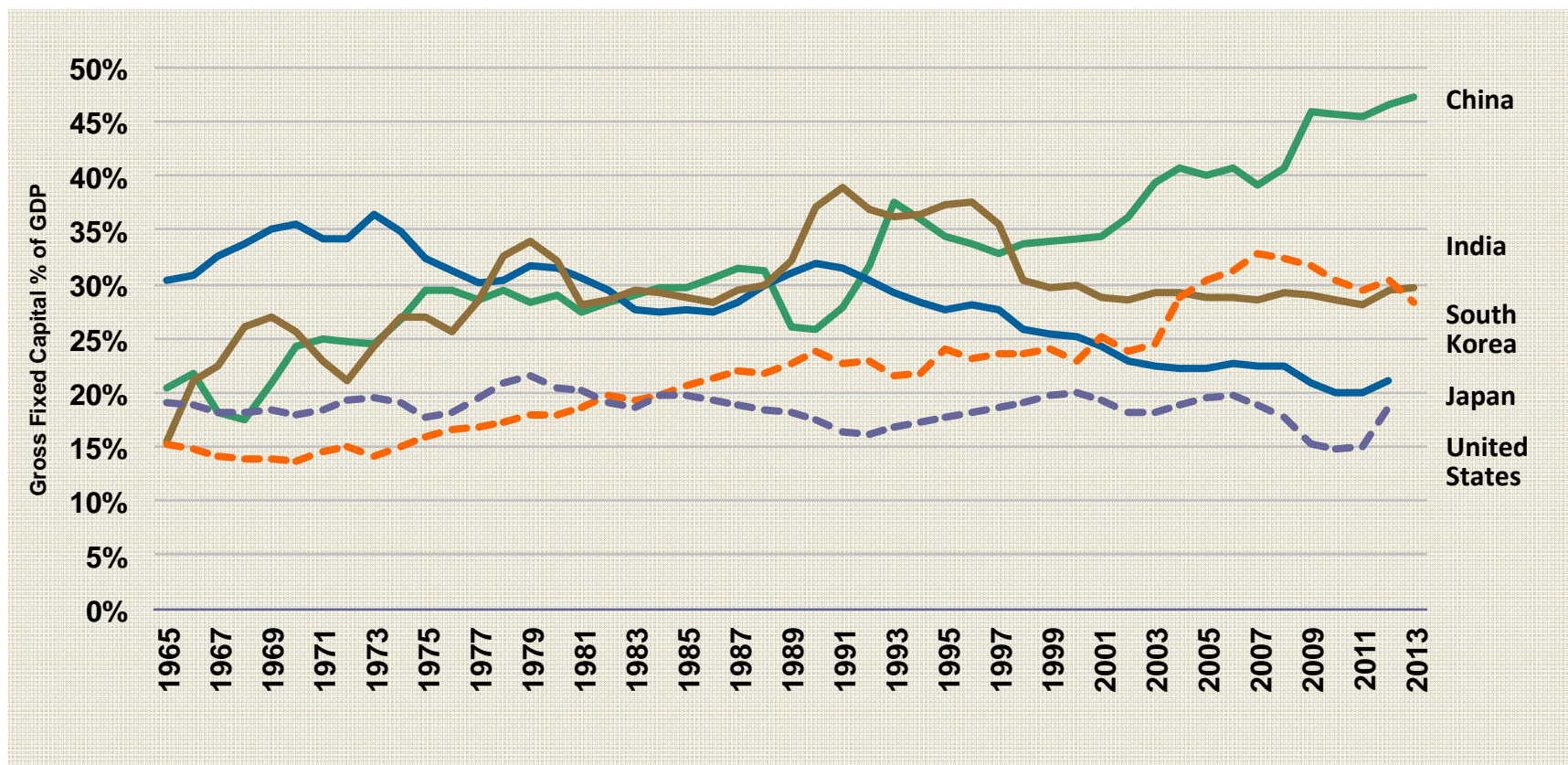
## Impact on Global Economy

- Fueled a global commodity boom
- Exponential consumer growth opportunity
  - Autos, Telecom



# China's Investment to GDP Level: Concerning

## Gross Fixed Capital Formation as % of GDP



Data for China, India, and South Korea as of 12/31/2013; Data for Japan and United States as of 12/31/2012

Source: World Bank

# Chinese Credit Growth - Alarming



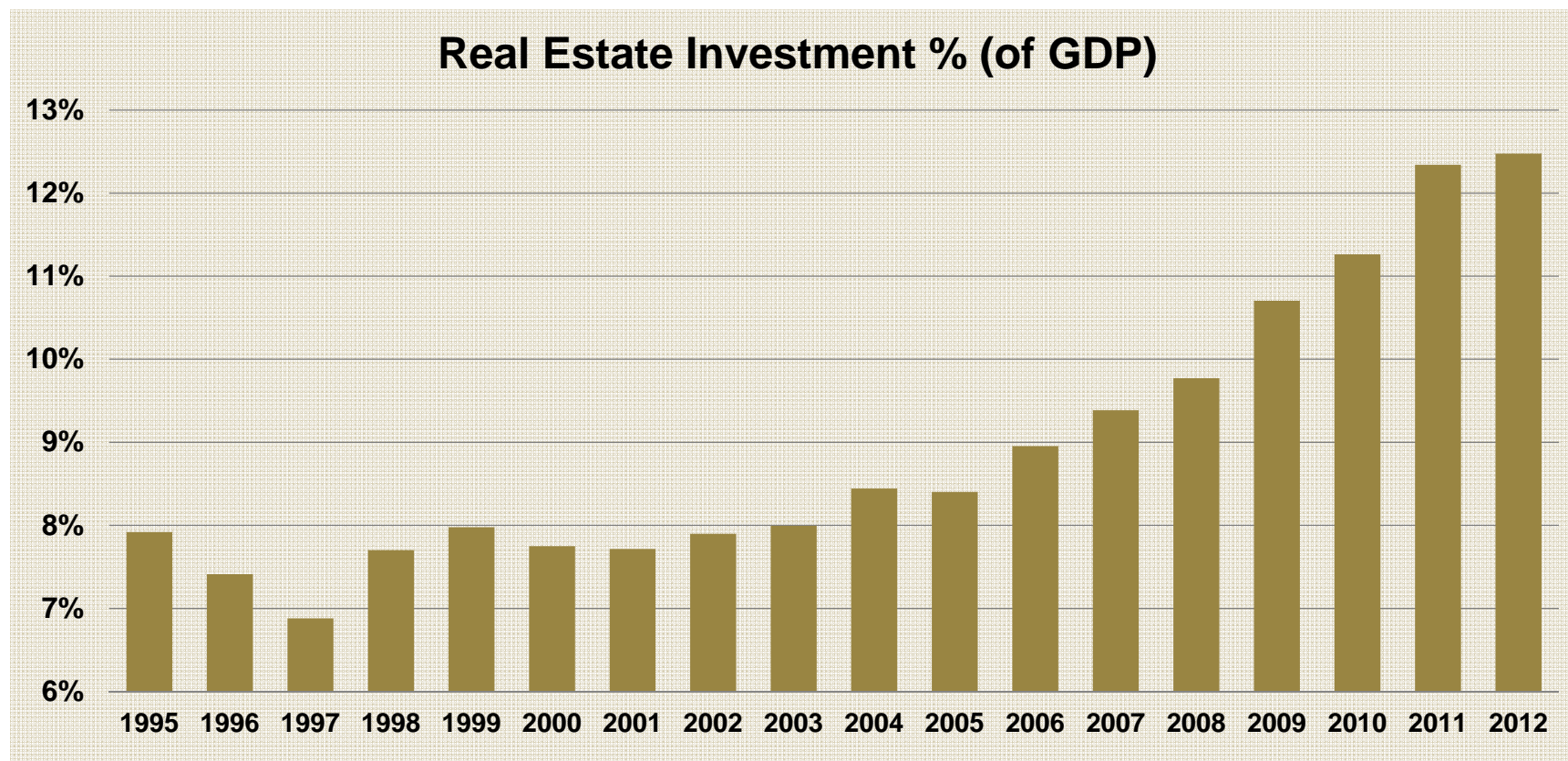
## Total Debt as % of GDP



Source: Morningstar; The Economist global debt guide 2012; ZeroHedge "China Also Tapers, Forced to Promptly Bail Out Money Markets" as of 12/2013

# Investment Triggered a Construction Boom

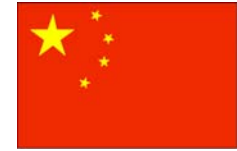
**Real Estate Investment Accounts for More than 12% of GDP**



From 1995 to 2012

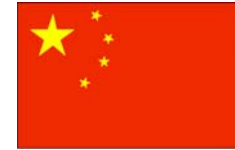
Source: IMF as of 6/30/2014

# Example of Impact

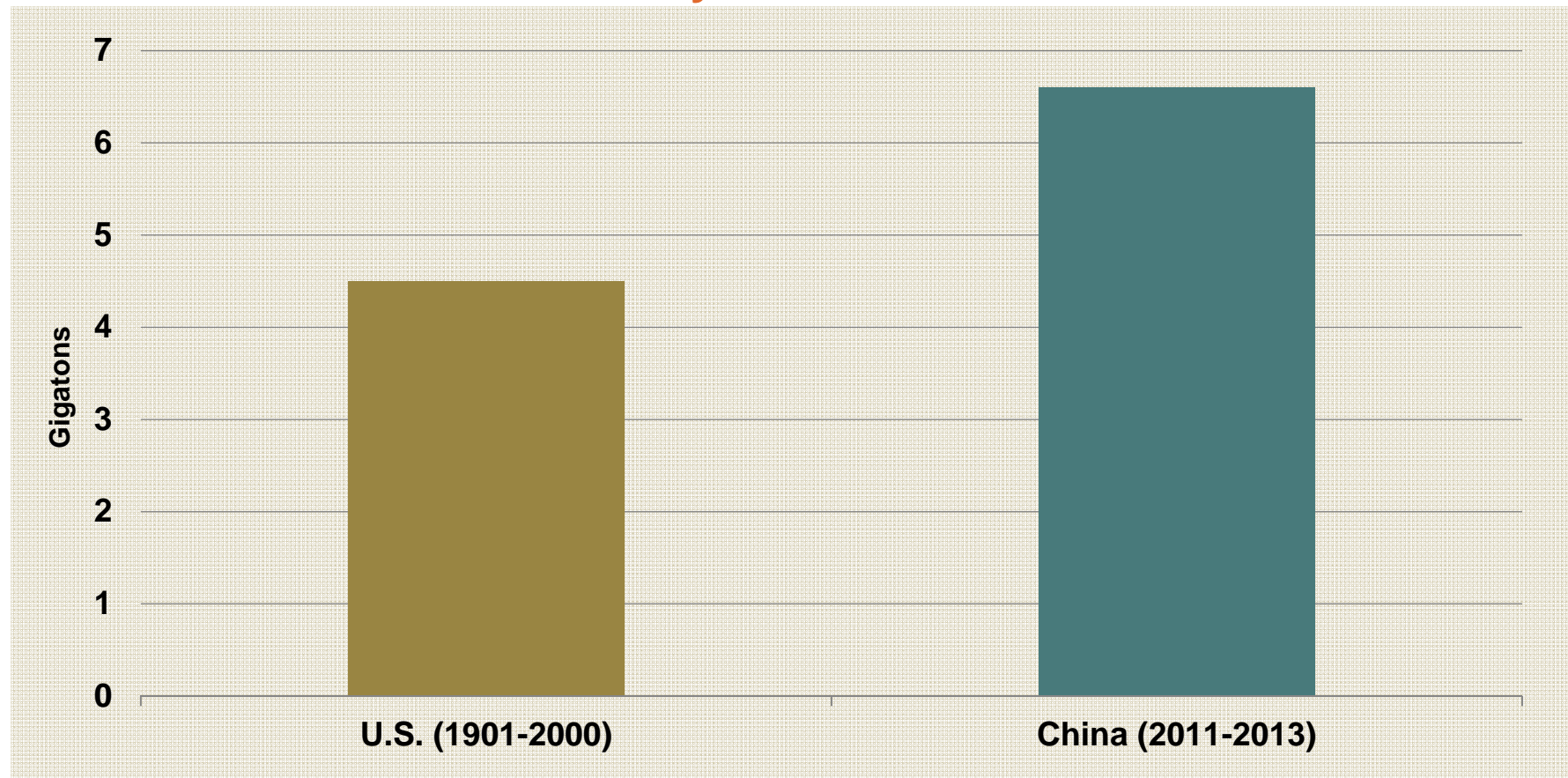




# Example of Impact

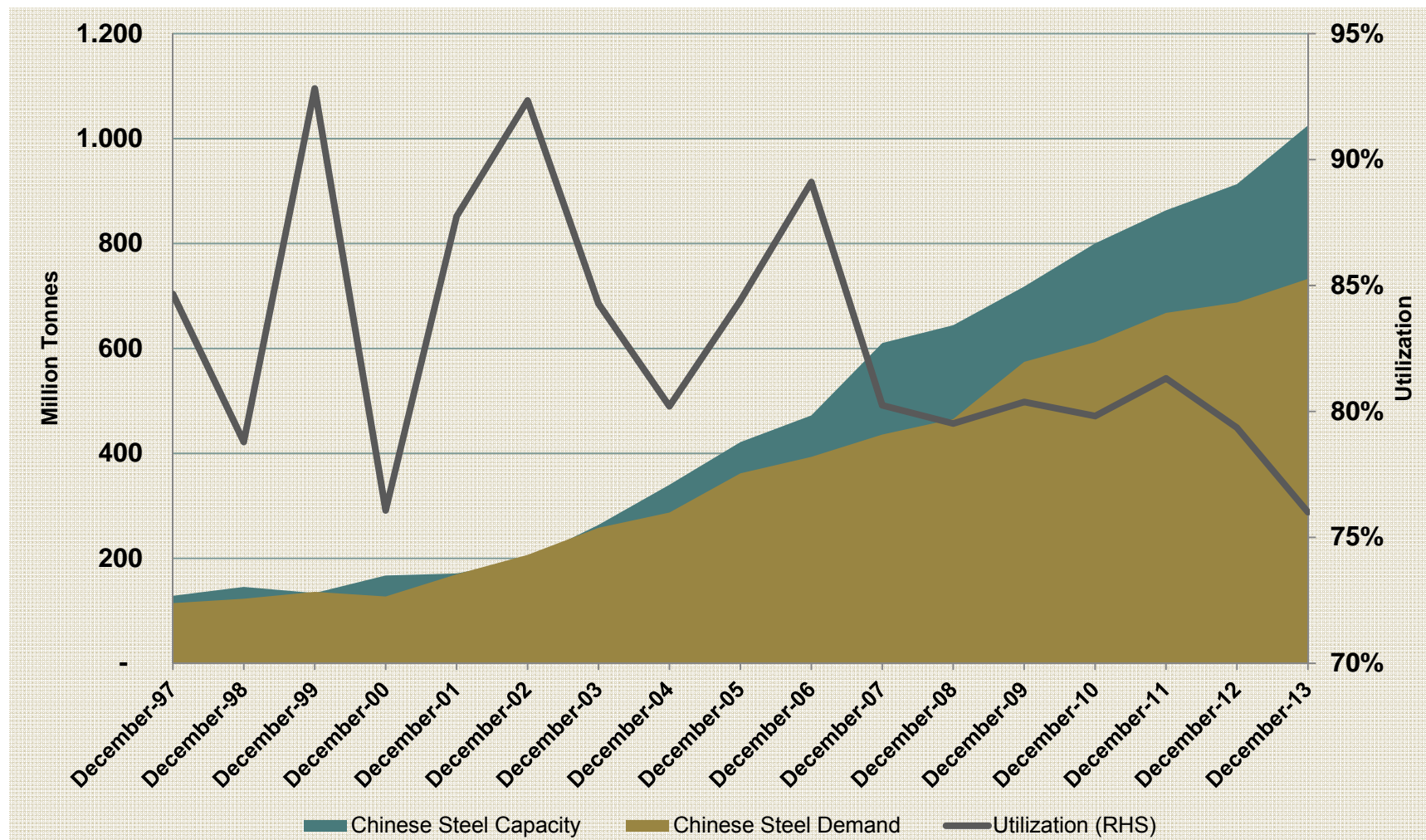


**China Used More Cement in Last 3 Years than the U.S. Used in Entire 20<sup>th</sup> Century**



Source: USGS as of 6/30/2014

# Chinese Steel Overcapacity



Source: OECD, World Steel Association: *World Steel In Figures 2014*

# Chinese Overcapacity



CHINA NEWS

## In China, Beijing Fights Losing Battle to Rein In Factory Production

Some Chinese Localities Stymie Efforts to Curb Industrial Overcapacity and Pollution

WSJ 7/16/14

Asia

## China Vows to Tackle Overcapacity as Industries Suffer

Bloomberg Business  
Week 3/27/14

## China's steel industry burdened by overcapacity, workers baulk at shutting plants

Local resistance to capacity cuts a key hurdle in efforts to restore balance in demand and supply

South China Morning Post 10/15/14

Steel

## An inferno of unprofitability

The world's overcapacity in steelmaking is getting worse, and profits are evaporating

Economist 7/6/13

## China Steel Overcapacity Reaching New Heights "Beyond Imagination"

International Business  
Times 2/26/14

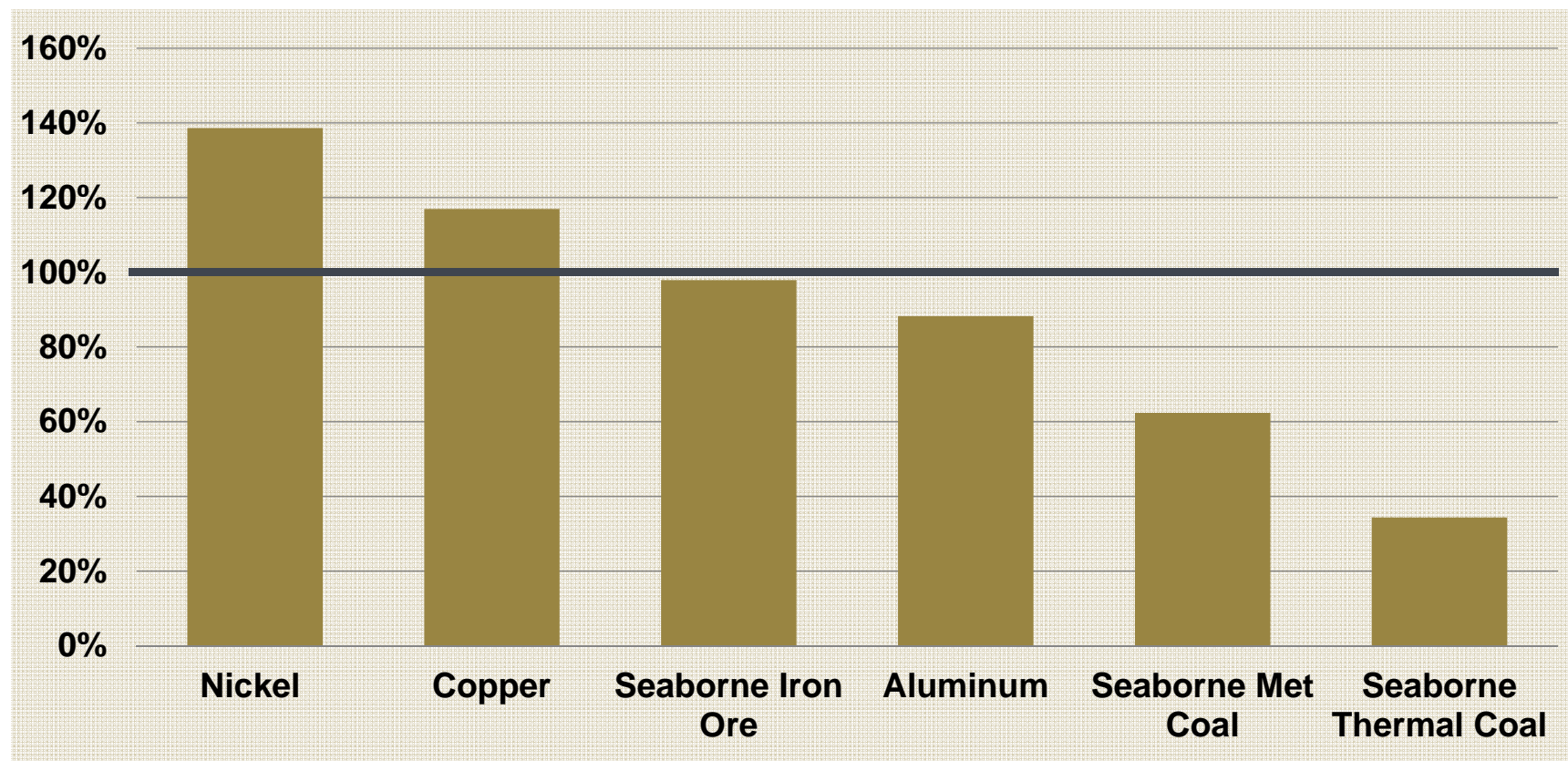
## China steel now as cheap as cabbage, weighing on global price

MarketWatch 10/13/14

CHINA

# China's Investment Boom Requires Materials

## China's Share of 2004-2013 Cumulative Global Incremental Demand



As of June 30, 2014

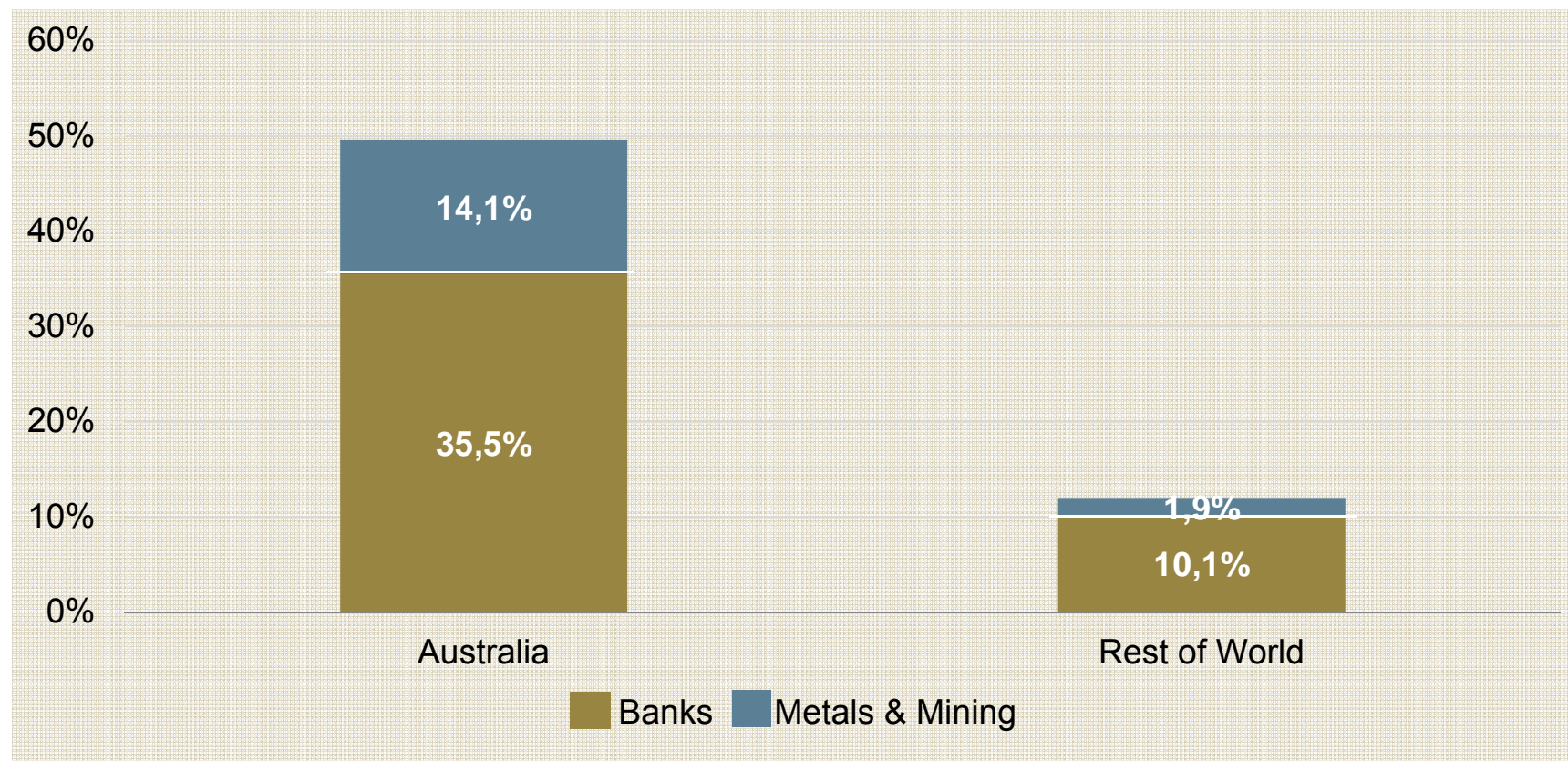
Source: Brandes Investment Partners, Macquarie Securities



# Outsized Weighting in Banks & Mining



## Equity Market Exposure to Banks & Metals & Mining Industries



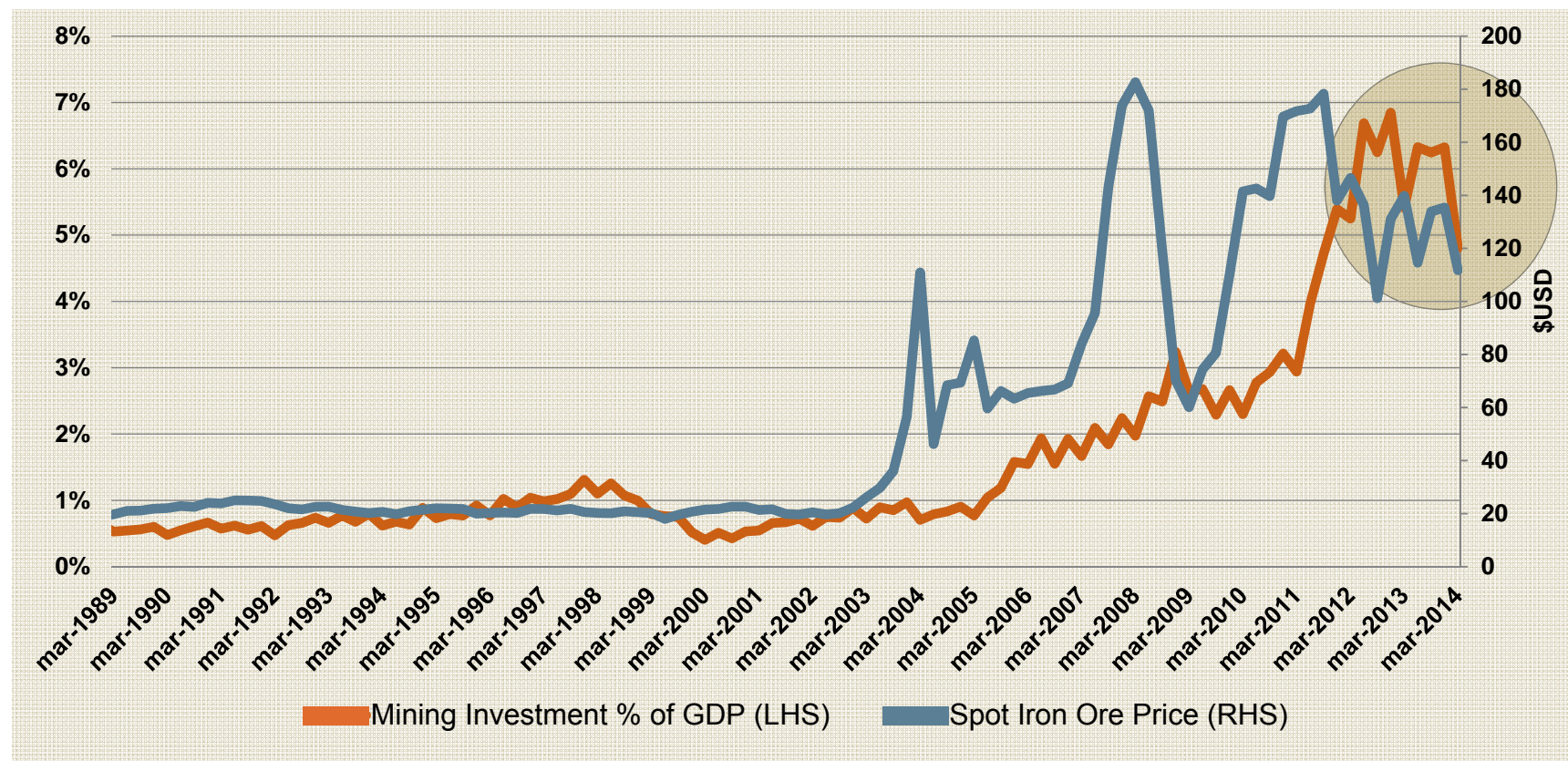
As of September 30, 2014

Source: MSCI via FactSet. Australia represented by MSCI Australia Index. Rest of World represented by MSCI All Country World ex Australia Index

# Mining Much Bigger than its Historic Levels



## Mining Investment as a % of Australian GDP vs. Iron Ore Price



As of March 31, 2014

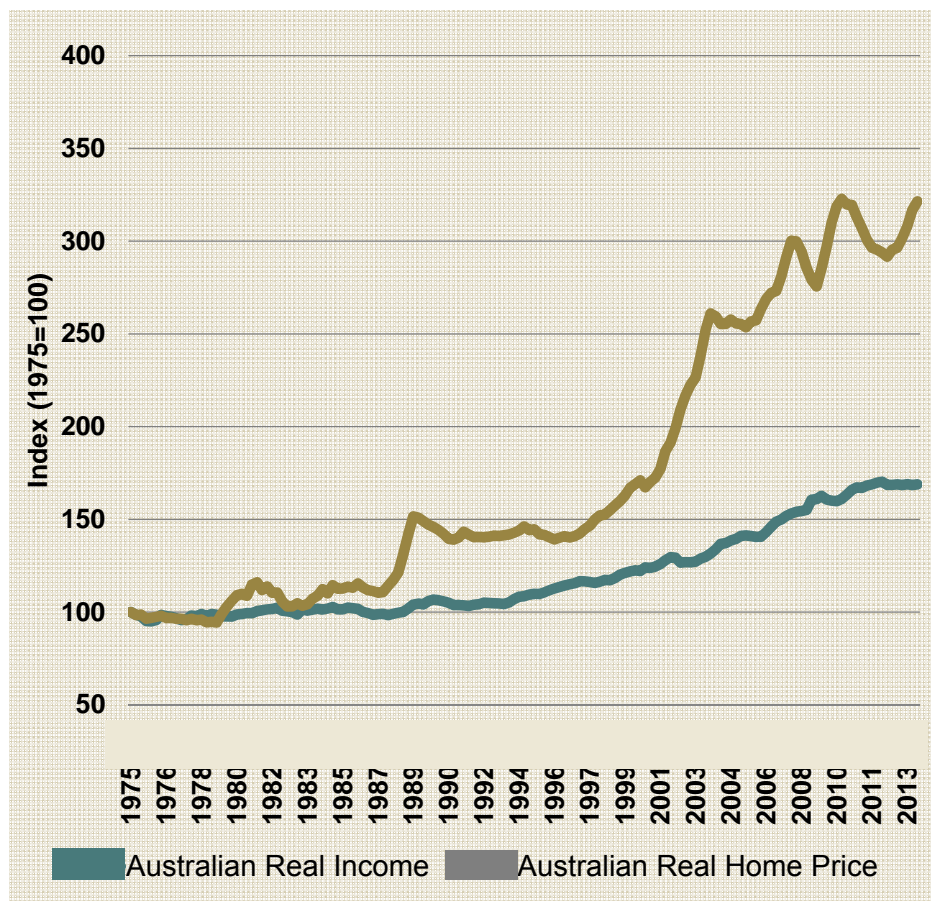
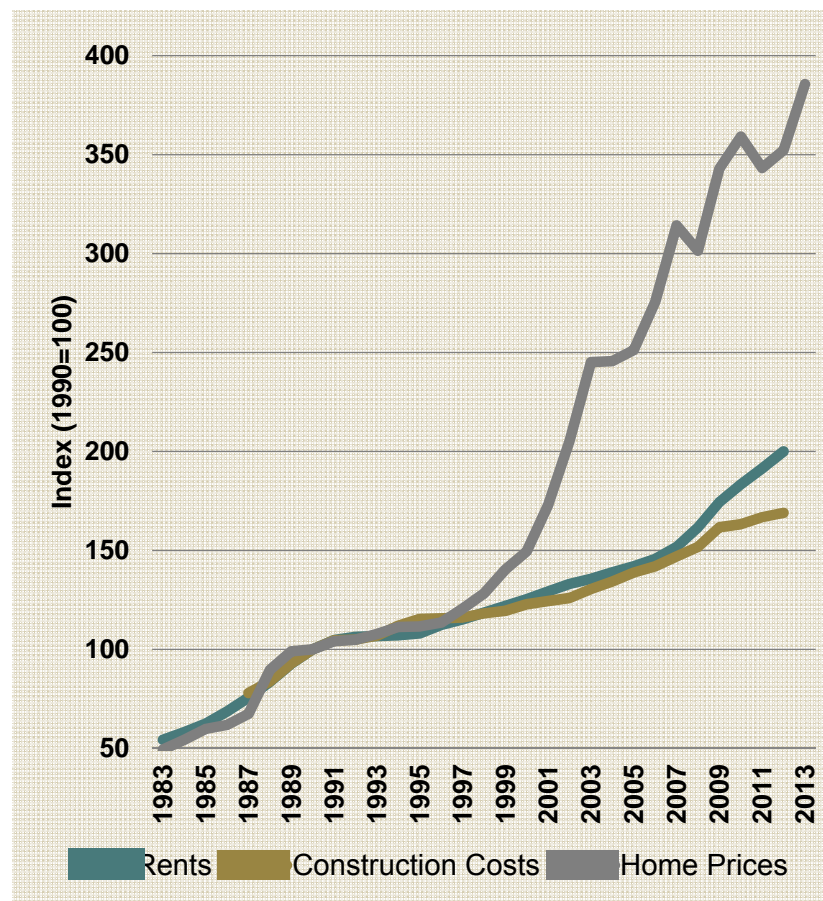
Source: BofA Merrill Lynch Global Research, Australian Bureau of Statistics, Reserve Bank of Australia

## AUSTRALIA

# Home Prices Have Outpaced Wage Growth



## Australian Home Prices & Fundamentals



December 31, 1983 – December 31, 2013 (Left Chart); December 31, 1974 to March 31, 2014 (Right Chart)

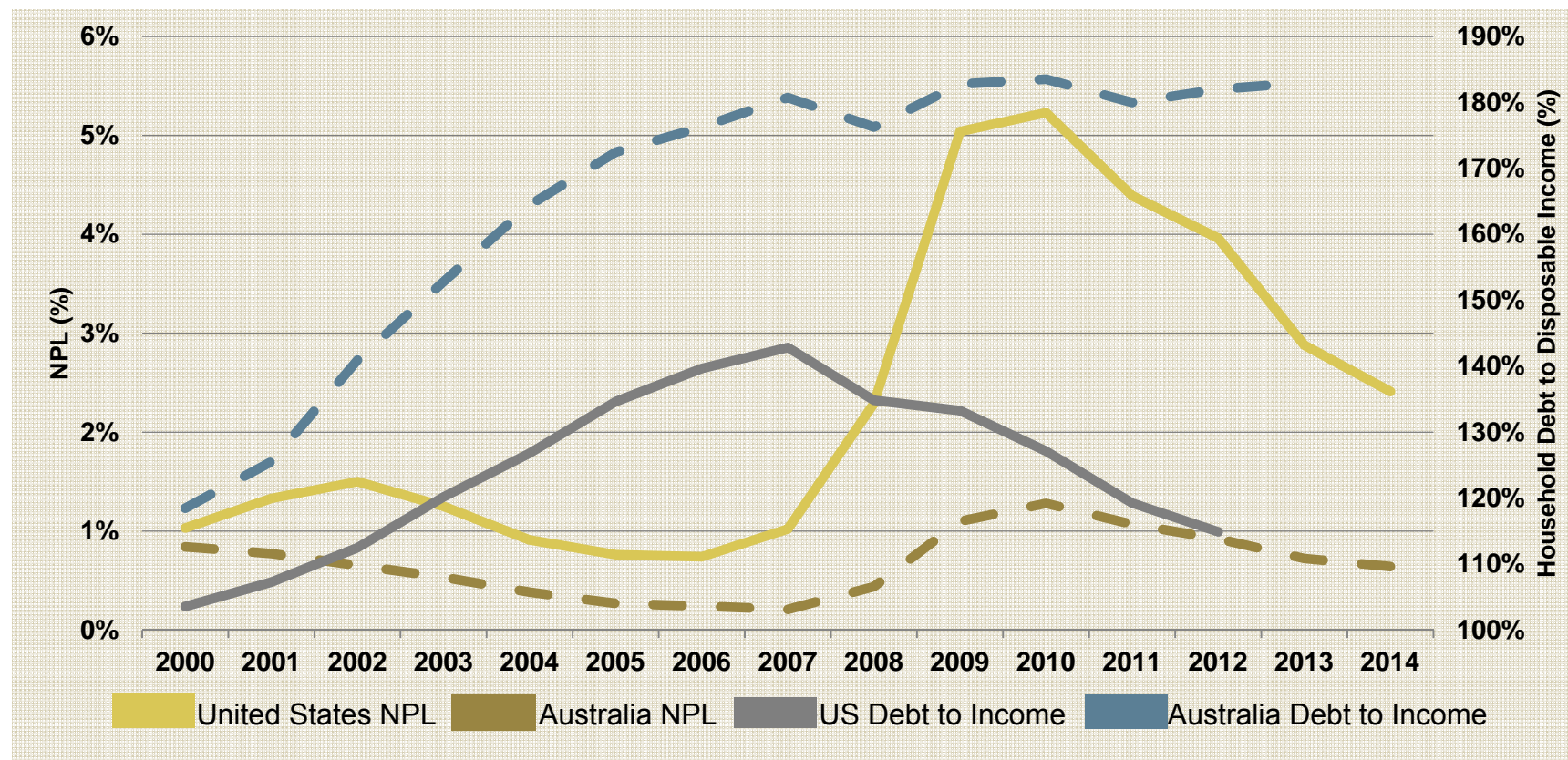
Source: Dallas Fed, Australian Bureau of Statistics, Reserve Bank of Australia



# Low Loan Losses vs. High Household Debt



## NPL Ratio & Household Debt to Disposable Income



June 30, 1988 to June 30, 2014

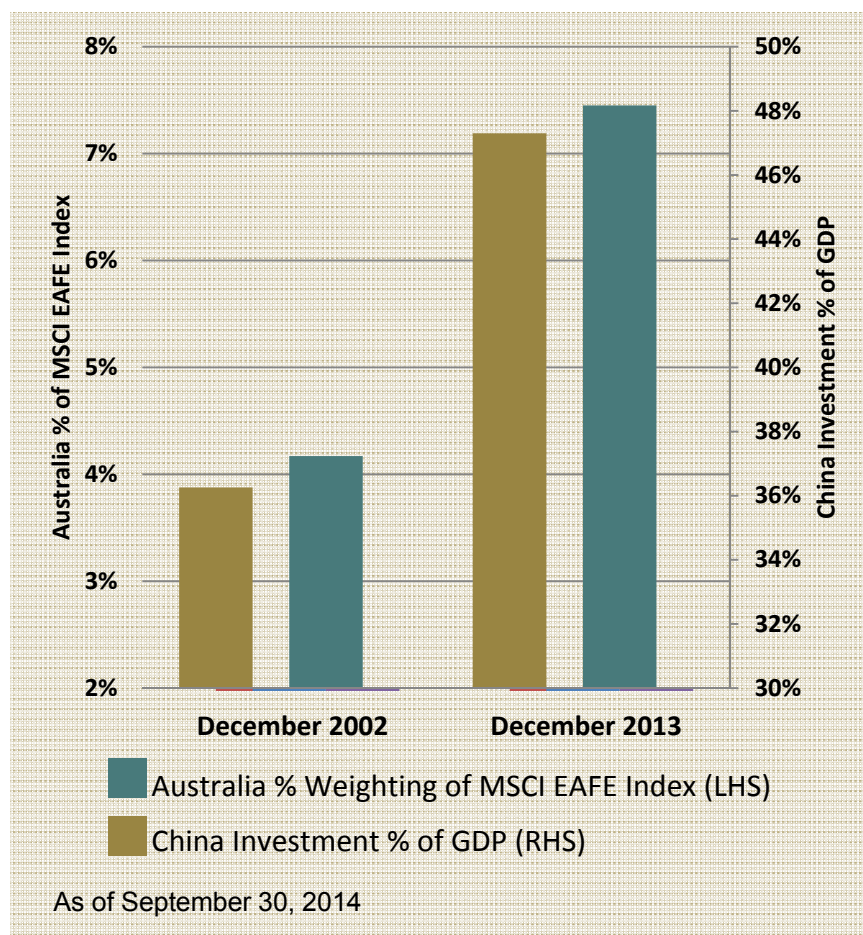
Source: Brandes Investment Partners, SNL Financial, Capital IQ



# Australia & China



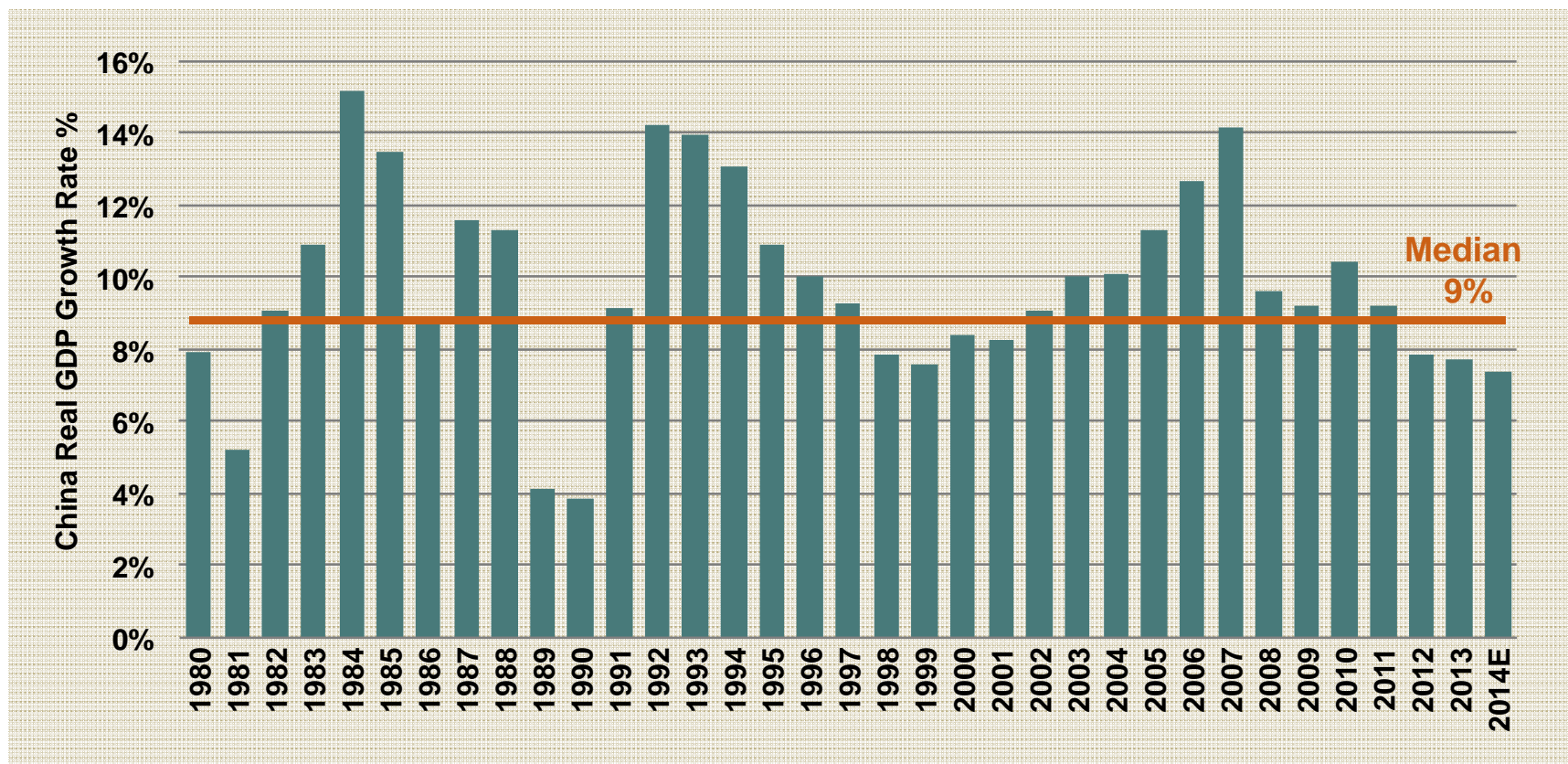
## Australia Weighting of MSCI EAFE Index is Correlated with China's Investment % of GDP



- Chinese Investment has driven raw materials demand
- Raw material demand has driven the Australian Economy
  - Leading to wage, employment, and housing growth
- Australia now has a larger impact in Global Markets
- Banking sector appears overvalued

Source: MSCI via FactSet.

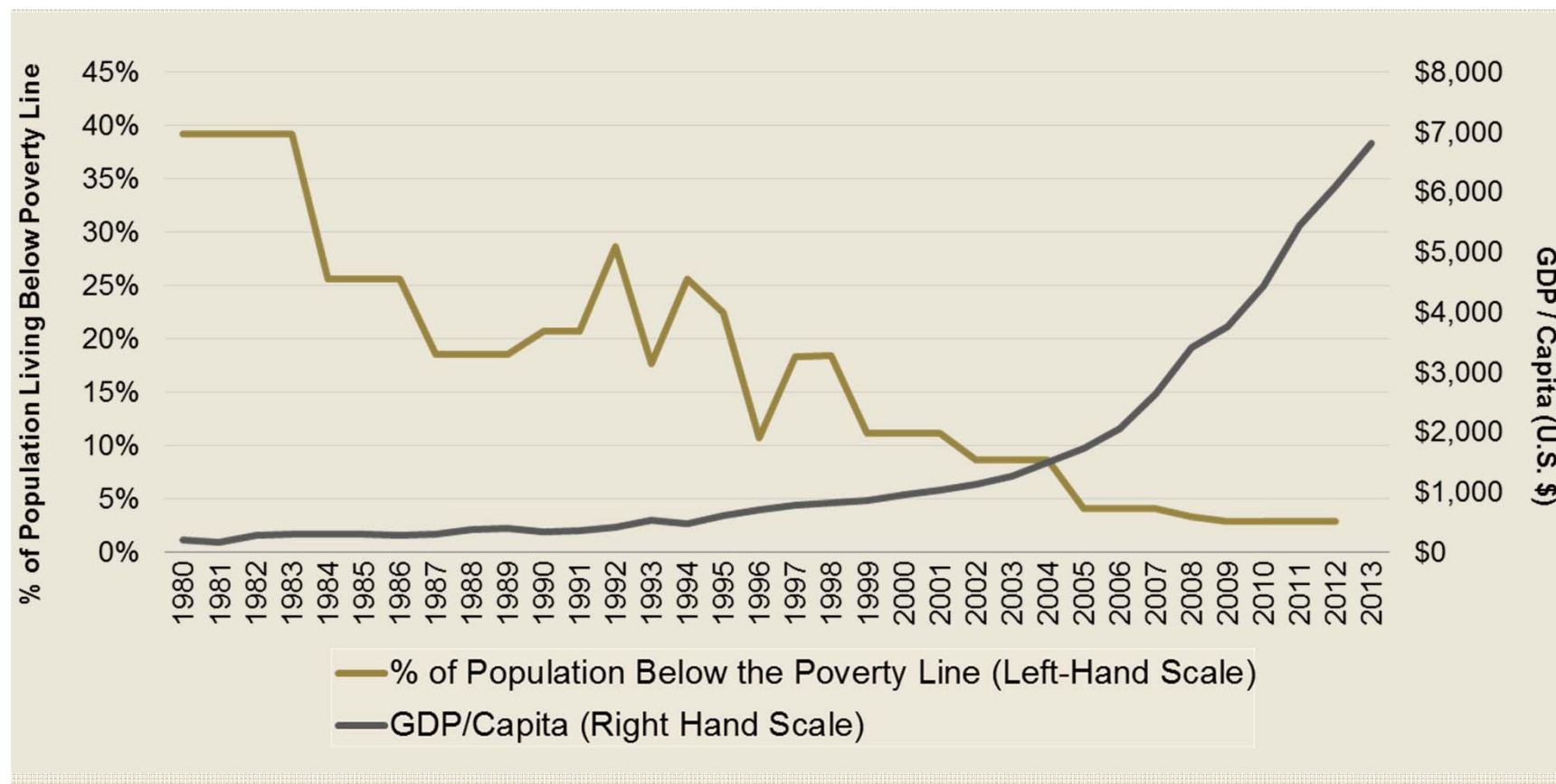
# Real GDP Growth Has Been Strong



China Real GDP Growth % as of October 1, 2014

Source: IMF. There is no assurance that a forecast will be accurate. Because of the many variables involved, an investor should not rely on forecasts without realizing their limitations

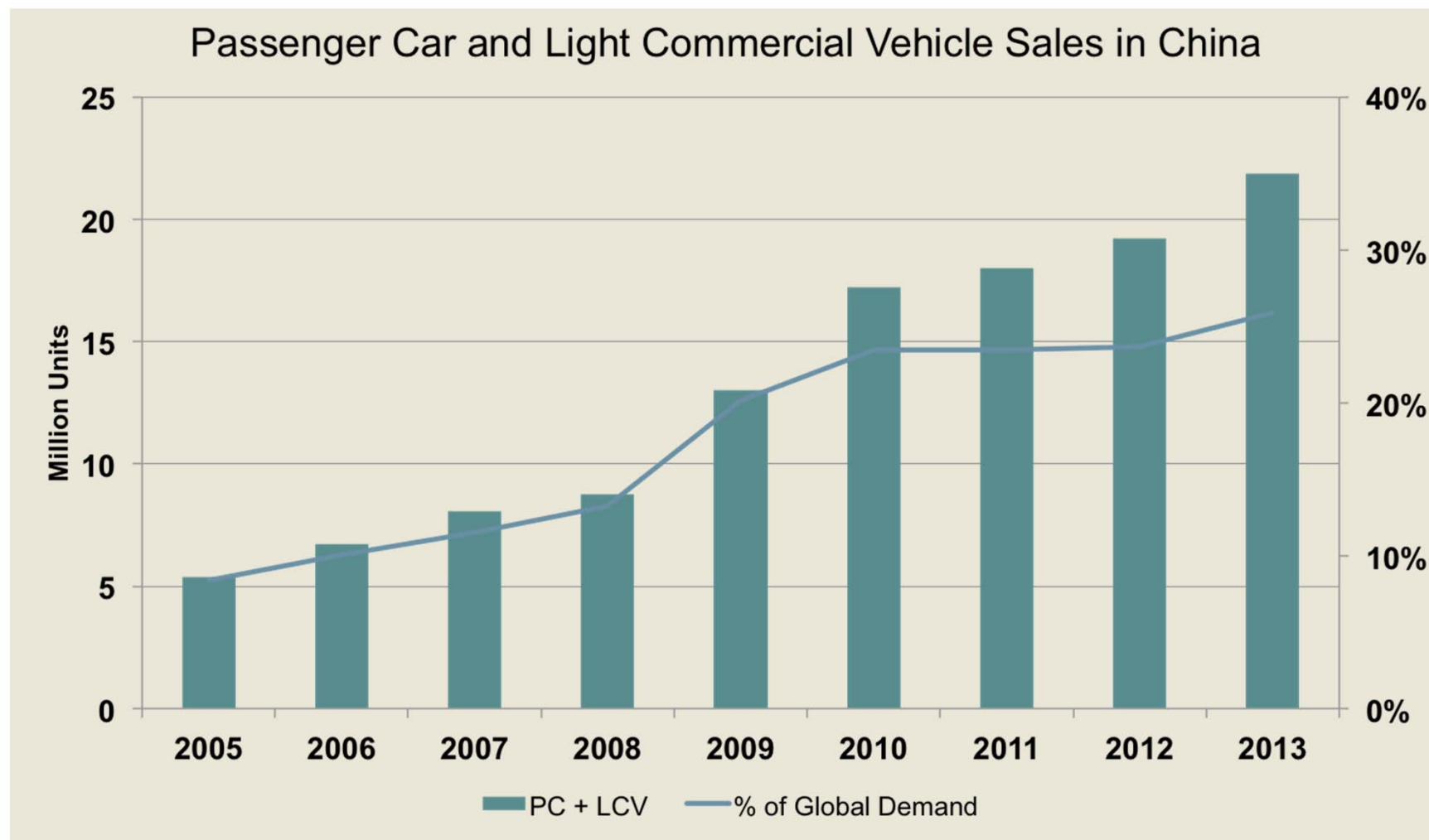
# Rising Middle Class & Declining Poverty



GDP per capita as of 12/31/2013 and % of Population Below the Poverty Line as of 12/31/2012

Source: World Bank and IMF as of 6/30/2013; Poverty line defined as living on less than \$1.25 U.S. dollars per day as per the World Bank; poverty line data as of 12/31/2012 and GDP per capita is as of 12/31/2013

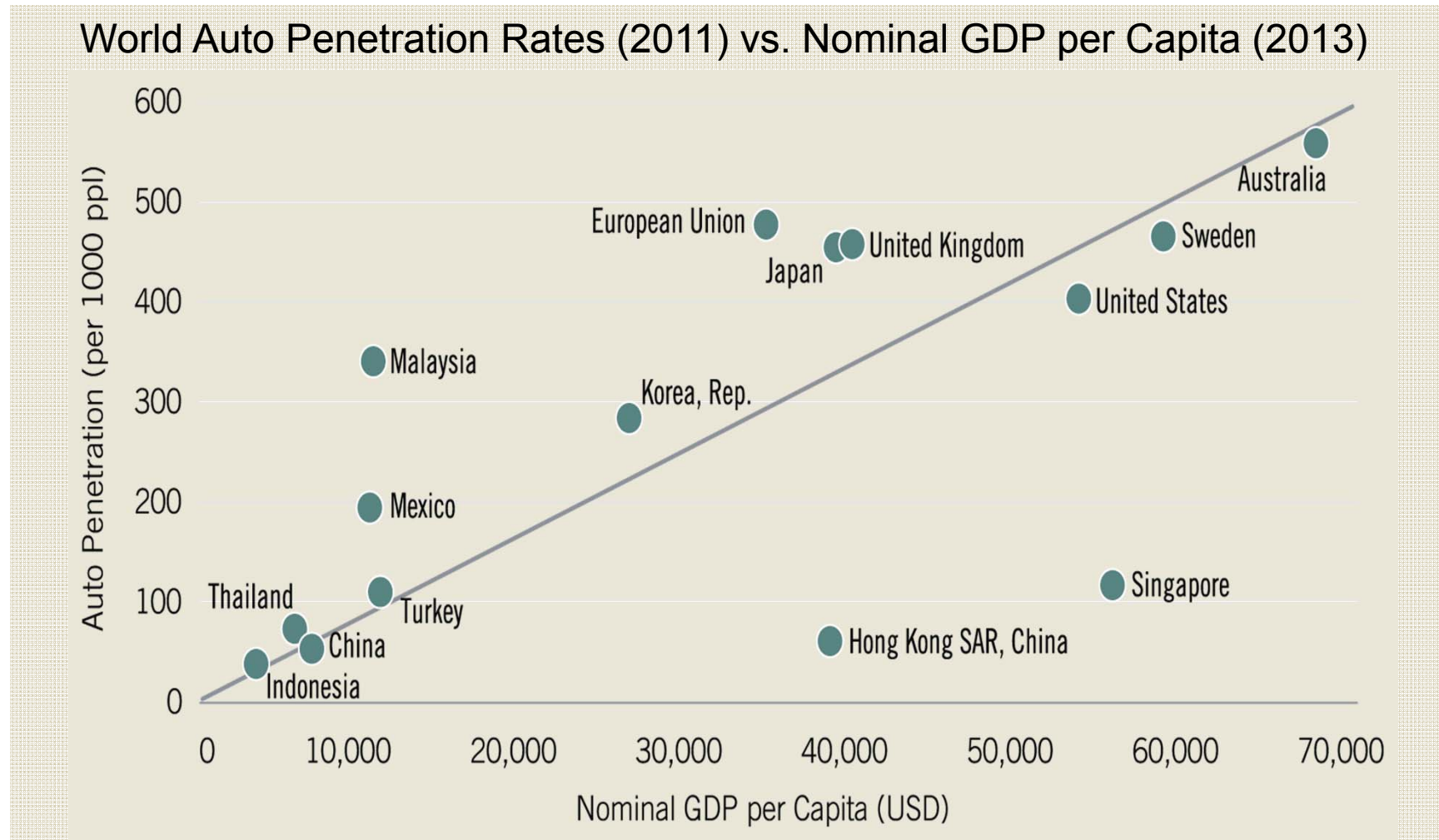
# World's Largest Auto Market...



Source: OICA - <http://www.oica.net/category/sales-statistics/sales-statistics-2005-2013>

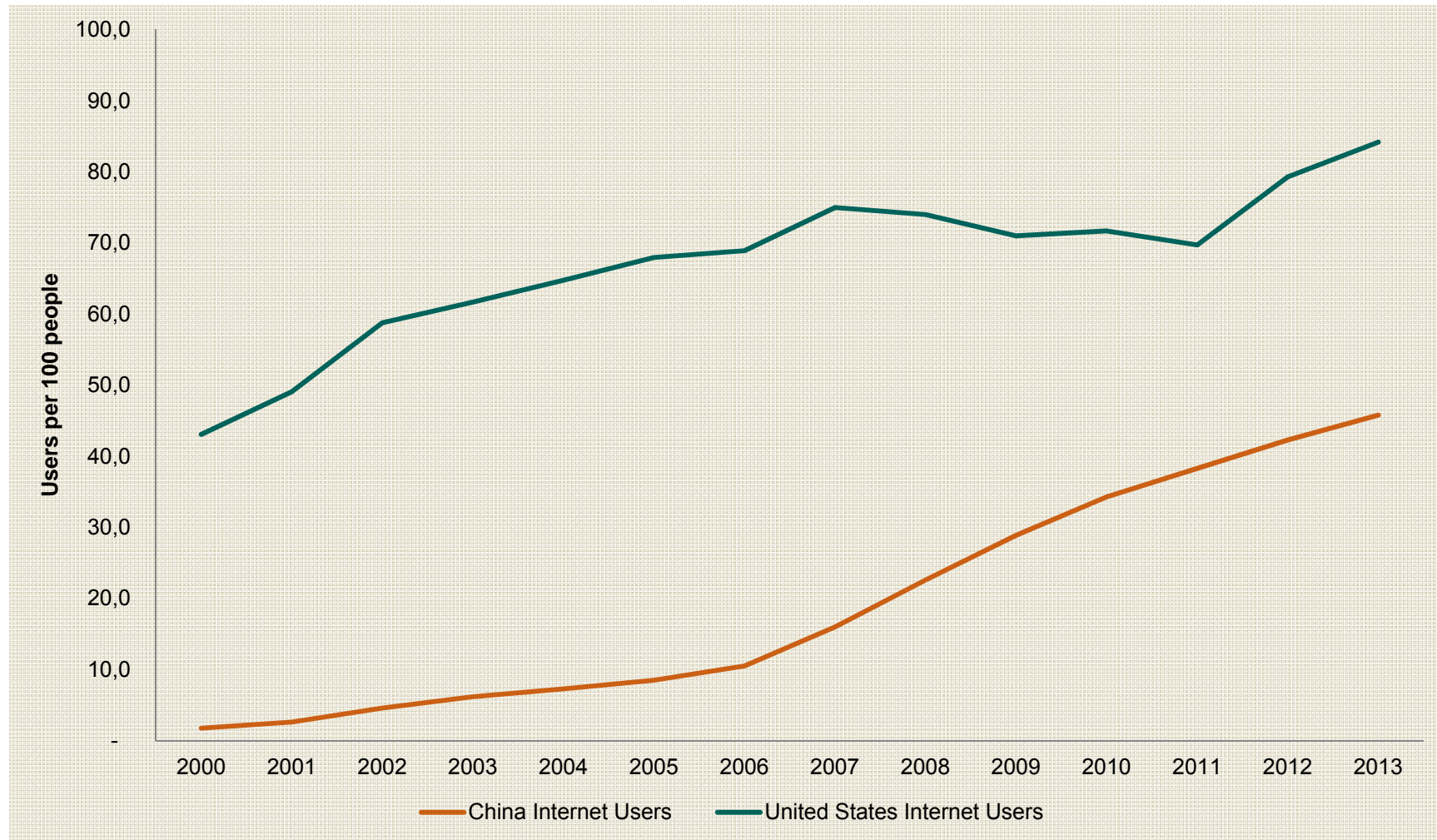


# ...Remains Underpenetrated



Source: World Bank, 2012 and 2014 Reports

# Internet Users: China vs. U.S.



Source: World Bank, as of 12/31/2013

# China A-Share Market Opportunity (Shanghai-HK Connect)

## Increased Opportunity Set for Foreign Investors

500+ Companies

- 568 Shanghai-listed securities of which 501 are only on the Shanghai A-share market

\$1 Trillion Market Cap

- Comparable to the Chinese securities listed on the Hong Kong Stock Exchange

Differentiated Set of Companies

- Higher weights, relative to Hong Kong, in industrials, materials, healthcare and consumer staples

As of 9/30/2014

Source: HSBC & MSCI; HSBC global report “*Shanghai-Hong Kong Stock Connect: A big step towards greater market convergence*” from September 2014. MSCI presentation “*Breaking the Status Quo: The coming changes to emerging market indexes and their impact on investment mandates*” from June 2014.

## In Summary

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1. Value opportunities are largely outside the U.S.
2. U.S. – both large-cap & small-cap appear fully valued; select financials attractive
3. Europe – strong value performance, but still at a wide discount vs U.S., select opportunities for value investors, especially in food retailers
4. Japan – potential progress on corporate governance and ROE improvements; allocations not macro-driven
5. Emerging Markets – valuations attractive, several concerns, important to discriminate at company level
6. China – issues impact domestically and abroad, especially on the resource-rich





## Brandes Appreciates Your Business



# Disclosures

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Price/Book: Price per share divided by book value per share.

Price/TB: Price per share divided by book value per share less intangibles per share.

Price/CF: Price per share divided by cash flow per share.

Price/Earn: Price per share divided by earnings per share.

Return on Equity (ROE): Net Income divided by book value of equity.

Return on Capital (ROIC) or Return on Capital Employed (ROCE): Net operating profit after tax divided by book value of invested capital

Free Cash Flow: Operating cash flow less capital expenditures

Enterprise Value: Market capitalization plus net debt

Price/ 4ye: Price per share divided by 4 year average earnings per share.

EBITDA: Earnings before interest, taxes, depreciation, and amortization.

The MSCI World Index with net dividends is an unmanaged, free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index consists of 24 developed market country indices. This index includes dividends and distributions net of withholding taxes, but does not reflect fees, brokerage commissions, or other expenses of investing.

The S&P 500 Index with gross dividends is an unmanaged, market capitalization weighted index that measures the equity performance of 500 leading companies in leading industries of the U.S. economy. The index includes 500 leading companies in leading industries of the U.S. economy, capturing 80% coverage of U.S. equities. This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

The MSCI Europe Index with net dividends is an unmanaged, free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. The MSCI Europe Index consists of 16 developed market country indices. This index includes dividends and distributions net of withholding taxes, but does not reflect fees, brokerage commissions, or other expenses of investing.

The MSCI Emerging Markets Index with gross dividends is an unmanaged, free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of 23 emerging market country indices. This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

The MSCI Frontier Markets Index with gross dividends is an unmanaged, free float-adjusted market capitalization index that is designed to measure equity market performance of Frontier markets. The MSCI Frontier Markets Index consists of 24 frontier market country indices. This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

MSCI World Mid Cap Index: The MSCI World Mid Cap Index with net dividends measures mid-capitalization performance across developed markets.

MSCI ACWI Index – The MSCI All Country World Index with net dividends measures the equity market performance of developed and emerging markets.

MSCI Russia Index - The MSCI Russia Index with net dividends measures equity market performance in Russia.

MSCI USA Index - The MSCI USA Index with net dividends measures equity market performance in the USA.

The S&P Developed ex. US SmallCap Index is an unmanaged, float-adjusted market-capitalization weighted index that measures the equity performance of small-capitalization companies from developed markets around the world, excluding the United States. This index includes the reinvestment of dividends and income but does not reflect fees, brokerage commissions withholding taxes or other expenses of investing.

KBW Bank Index: An economic index consisting of the stocks of 24 banking companies. This index serves as a benchmark of the banking sector. This index trades on the Philadelphia Stock Exchange, where it was created.

Topix Index: A capitalization weighted index that measures stock prices on the Tokyo Stock Exchange.

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**Barclays U.S. Intermediate Credit Bond Index - LBINTCRED:** The Barclays U.S. Intermediate Credit Bond Index measures the performance of U.S. dollar-denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years. This index is a total return index which reflects the price changes and interest of each bond in the index.

**Barclays U.S. Aggregate Bond Index - LBAGGBX:** The Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. This index is a total return index which reflects the price changes and interest of each bond in the index.

**Barclays Intermediate U.S. Treasury Index:** The Barclays Intermediate U.S. Treasury Index is an unmanaged index consisting of U.S. dollar-denominated, U.S. Treasury-issued securities. This index is the Intermediate component of the U.S. Treasury index. The U.S. Treasury Index represents public obligations of the U.S. Treasury with a remaining maturity of one year or more. The index is a total return index which reflects the price changes and interest of each bond in the index.

**Barclays U.S. Corporate High-Yield Bond Index:** The Barclays U.S. Corporate High-Yield Bond Index is an unmanaged index consisting of U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bonds. The U.S. Corporate High-Yield Index measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. The index excludes emerging market debt. It was created in 1986, with history backfilled to July 1, 1983. The U.S. Corporate High-Yield Index is part of the U.S. Universal and Global High-Yield Indices. The index is a total return index which reflects the price changes and interest of each bond in the index.

**Barclays U.S. Credit Bond Index:** The Barclays U.S. Credit Bond Index is an unmanaged index consisting of U.S. dollar-denominated, publicly issued, fixed-rate corporate securities. The US Credit Index comprises the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities. The US Credit Index was called the US Corporate Investment Grade Index until July 2000, when it was renamed to reflect its inclusion of both corporate and non-corporate issuers. Index history is available back to 1973. The US Credit Index is a subset of the US Government/Credit Index and the US Aggregate Index. The index is a total return index which reflects the price changes and interest of each bond in the index.

**Barclays U.S. Government Bond Index:** The Barclays U.S. Government Bond Index is an unmanaged index consisting of U.S. dollar-denominated, fixed-rate, publicly issued bonds. The U.S. Government Index is comprised of the U.S. Treasury and U.S. Agency Indices. The U.S. Government Index includes Treasuries (public obligations of the U.S. Treasury that have remaining maturities of more than one year) and U.S. agency debentures (publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government). The U.S. Government Index is a component of the U.S. Government/Credit Index and the U.S. Aggregate Index. The index is a total return index which reflects the price changes and interest of each bond in the index.

**FTSE Europe Index:** The FTSE Europe Index with gross dividends is an unmanaged, free float-adjusted market capitalization weighted index that tracks large and medium capitalization companies in developed Europe. This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

**S&P 1500:** Combines the S&P 500, S&P MidCap 400 and the S&P SmallCap 600 to cover 90% of the US market cap.

**MSCI EAFE Index - MSCI EAFE:** The MSCI EAFE (Europe, Australasia, Far East) Index with net dividends measures the equity market performance of developed markets in Europe, Australasia, and the Far East.

**MSCI Japan Index - MSCI JP:** The MSCI Japan Index with net dividends measures equity market performance in Japan.

**Russell 2000 Index - RUSSELL2K:** The Russell 2000 Index with gross dividends measures the performance of the small-capitalization segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index.

**S&P Global LargeMid Index:** The S&P Global LargeMid Index is a comprehensive, rules-based index measuring global stock market performance of mid to large capitalization companies from developed and emerging markets throughout the world.

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The MSCI Europe Growth Index with net dividends is an unmanaged, free float-adjusted market capitalization index that represents the securities classified as growth securities by MSCI that are members of the MSCI Europe Index. This index includes dividends and distributions net of withholding taxes, but does not reflect fees, brokerage commissions, or other expenses of investing.



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