

Press Release  
5 February 2010

## Value investing: if not now, when?

Value managers are out bargain hunting to ensure strong future returns. Investors should also seize on the favourable valuations the market currently has to offer. This is the conclusion of the three portfolio managers: James Diack from Brandes Investment Partners, Mary Chris Gay from Legg Mason and Jens Moestrup Rasmussen from Sparinvest, who came together for the first ever Value Summit at the 2010 *Fonds professionell* congress in Mannheim, Germany.

Luxembourg, 05 February 2010 - For value managers, now is the time to buy, in order to ensure the strength of future returns. This is the conclusion arrived at by James Diack from Brandes Investment Partners, Mary Chris Gay from Legg Mason and Jens Moestrup Rasmussen from Danish fund provider, Sparinvest. These portfolio managers agree that "value" is the strategy to follow in the coming years.

The three value specialists presented their views as part of a panel discussion on the future of value investing at the 2010 *Fonds professionell* congress. The forum was moderated by Heiko Nitzsche from Standard & Poor's. "We opted to act as moderator in part because Sparinvest with its global funds and Legg Mason with its US equity fund have a long-standing track record that puts them among the top 20 percent of funds worldwide," said Nitzsche. "This is reflected in the qualitative fund management ratings awarded by Standard & Poor's."

It has been tough going for value managers over the past two years, because value stocks were particularly hard hit by the crisis. "As a value manager, you are used to ups and downs. For a while you are top of the class, later you may find yourself sitting in the corner," said Jens Moestrup Rasmussen of Sparinvest. "But, when they are in the corner, value managers don't just sit and twiddle their thumbs. They use their time wisely, buying cheap stocks from solid companies with strong balance sheets and consistent earnings strength." And, right now, all three of these value managers are seizing this opportunity. There are numerous investment bargains available, which are overlooked or ignored by the majority of the market. For value managers, this means swimming against the tide. "A value investor buys a stock at 5 euros if his analysis tells him that it is actually worth 10 euros," said Legg Mason's Mary Chris Gay. "If the price declines further to 2 euros, some might say that the value strategist was mistaken. He, however, buys again - because now there is a chance to generate a five-fold return, rather than just doubling the amount invested. It takes strong nerves to act contrary to the broad market." But it also pays off: value portfolios are more inexpensive than ever before, and offer substantial upward potential. Consequently, investors should now also begin to concretely think and invest

Press Release  
5 February 2010

according to the value philosophy, in order to benefit from the outperformance to be expected as time goes on.

They should, however, bear in mind that value investing is a strategy for investors with a long-term horizon. On average, it takes from three to five years for share prices to align with the intrinsic value of a stock, which is based on the company balance sheet. Calculating this value is the foundation of the value strategy and the key for future success.

#### **About Brandes Investment Partners**

Brandes Investment Partners, L.P. (“Brandes”) is a leading investment advisory firm, managing equity and fixed income assets for a broad range of clients worldwide. Among the first investment firms to bring a global perspective to value investing, Brandes has applied the value investing approach to security selection pioneered by Benjamin Graham since the firm’s inception in 1974. The firm manages approximately \$53.1 billion (USD) as of December 31, 2009.

Website: [brandes.com](http://brandes.com)

#### **About Legg Mason**

Legg Mason, Inc. is based in Baltimore, Maryland. As a global investment management company, Legg Mason has a total of \$694 billion (USD) in assets under management<sup>1</sup>. The firm provides active asset management in many financial centres throughout the world. Legg Mason is listed on the New York Stock Exchange with the symbol: LM.

<sup>1</sup> As at: 30 November 2009

Website: [leggmason.de](http://leggmason.de)

#### **About Sparinvest**

Sparinvest was Denmark’s first fund company, formed by a group of savings banks in 1968. Since its founding, more than 90 local banks, savings banks, insurance companies and pension schemes have invested as shareholders in the company. The Luxembourg subsidiary of Sparinvest began working in 2001 to expand the company’s Europe-wide fund distribution. Sparinvest manages investments totalling more than €7.5 billion (as at: 30 December 2009), and is a signatory to the UN Principles for Responsible Investment/UN PRI.

Website: [sparinvest.de](http://sparinvest.de)

Press Release  
5 February 2010

**Press enquiries:**

**Brandes Investment Partners:**

Barry Gillman • Brandes Investment Partners  
11988 El Camino Real, Suite 500 • P.O. Box 919048 • San Diego, California • 92191-9048  
Tel.: 001 (858) 755 3670 • [barry.gillman@brandes.com](mailto:barry.gillman@brandes.com)

**Legg Mason:**

Constanze Ullmann • Citigate Dewe Rogerson GmbH  
Hanauer Landstraße 175-179 • D-60314 Frankfurt am Main • [www.citigatedr.de](http://www.citigatedr.de)  
Tel.: 0049 (0) 69 / 90 500-130 • Fax: 0049 (0) 69 / 90 500-101 • [constanze.ullmann@citigatedr.de](mailto:constanze.ullmann@citigatedr.de)

**Sparinvest:**

Britta Wulff • public imaging • Agentur für Investor Relations und Public Relations GmbH  
Goldbekplatz 3-5 • D-22303 Hamburg • [www.publicimaging.de](http://www.publicimaging.de)  
Tel.: 0049 (0)40 / 40 19 99-27 • Fax: 0049 (0)40 / 40 19 99-10 • [wulff@publicimaging.de](mailto:wulff@publicimaging.de)