

Madrid, September 30th, 2008

Dear investor:

Recent events have had a significant effect on a great number of financial entities throughout Western Europe and the United States. The origin of this crisis is not new. It is based on the excessive leverage hold by the financial system underwritten by the implicit and explicit support from the corresponding government. As we have pointed out many times before, this excess always tends to end badly, harming all the market participants.

However, we would like to highlight that, despite the fact that the current situation may affect Bestinver's funds in the short run, the impact will be minimum as we approach a longer term. This is so, because we take advantage of the opportunities inherent to the turbulence that is currently stirring up the markets. We think this for several reasons:

- √ Our exposure to the banking system has been non-existent for several years, and currently it continues to be so. This is not a mere coincidence but a reflection of our expectation that the credit bubble would end up bursting.
- √ Over 90% of our portfolio companies have little or no debt at all in their balance sheet. They do not need loans to operate, and some of them even have net cash balances.
- √ Our investees' offices are worldwide distributed, enabling them to direct more sales to markets that are standing out the most (China, Brazil, Germany, etc.).
- √ It is important to remember that the estimated global growth for 2008 is around 3%. Although it is possible that global growth may reduce in 2009, all forecasts point out to positive growth, driven by the significant boost in global growth coming from continental China, backed by sustainable factors such as savings and productive activity. Certain economies on the Western front have been lacking both of them. It is worth highlighting that despite the constant bombing of bad news coming from the Western economies, several countries have managed to continue to keep financially worthy, and debt-free.
- √ An excessive rally in raw materials has affected some our investees in the short run. However, it is beginning to reverse its course. This will provide a significant comfort to Western consumers, who will soon see a significant increase in their purchasing power.
- √ As said back in January, the only factor affecting the performance of our funds, is mostly due to the lack of liquidity of some co-investors. This prevents them from making new investments to drive up our companies shares. This will prove to be a temporary and passing phenomenon. As times goes by, the tremendous value of our investments will go unleashed.
We show on a monthly basis the NAV of our funds in our website. These valuations have been getting better on a sustained basis since the financial crisis started out.

We are not witnessing the end of the crisis anytime soon, until US housing prices hit the bottom line. In some regions, housing prices have fallen as much as 50%. This suggests that the bottom line may not be far off. The tremendous advantage of the U.S. economy lies within its enormous flexibility. In less than 18 months, a steep adjustment will take place, and this will enable the U.S. economy to move forward backed by stronger foundations. We honestly think that the long run effects will be really positive.

However it is, we insist in our opinion that, although counter-intuitive, stocks are the best asset class for wealth preservation when the financial system starts to work out efficiently. We ask you to be patient and stay calm, as we will see results in the medium term.

Our October quarterly newsletter will deal with these issues in greater detail in an attempt to explain our work as well as we can.



Francisco García Paramés
Chief Investment Officer