

Quarterly Newsletter

N°6, AUGUST 2009.

The background of the right side of the page features a blurred image of a financial table. The table contains several columns of numbers, with some values appearing in bold. The numbers are arranged in rows and columns, but they are out of focus. Some of the visible numbers include 012, 289, 7,175, 2,432, 21,896, 13,122, 7,954, 193, 198, 11,195, 8,892, 1,399, 21,486, 12,498, 7,069, 67, 31, 19, and 1. The overall appearance is that of a financial report or a data table.

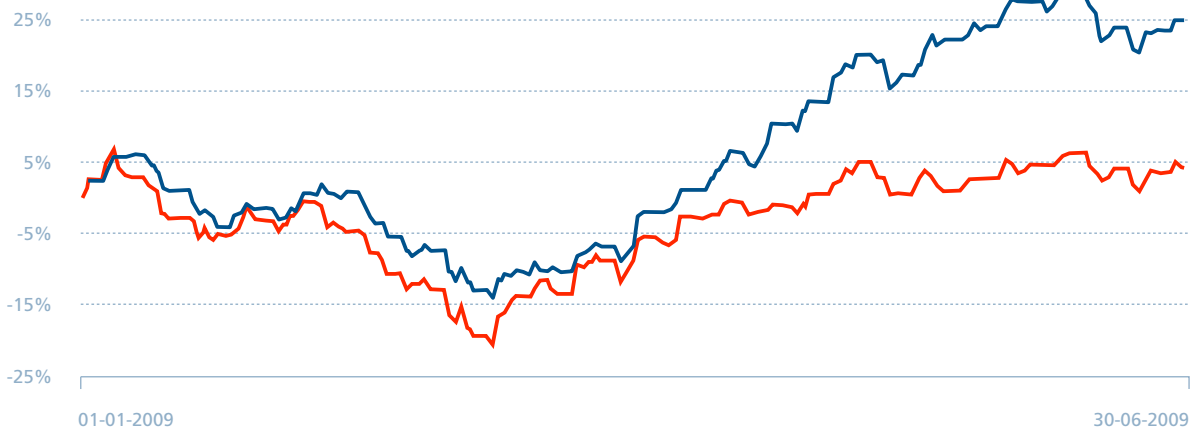


- The quick recovery from the minimums of early March has continued throughout the second quarter of 2009, leading most world stock markets to record positive performance.
- Our investment strategy – reflected by Bestinfond and our pension fund Bestinver Global- has accumulated a year to date return of 24.88%, compared to the 4.01% of its benchmark (70% MSCI World Index and 30% IGBM).

BESTINFOND

Evolution in 2009

● BESTINFOND ● Index (70% MSCI World Index 30% IGBM)

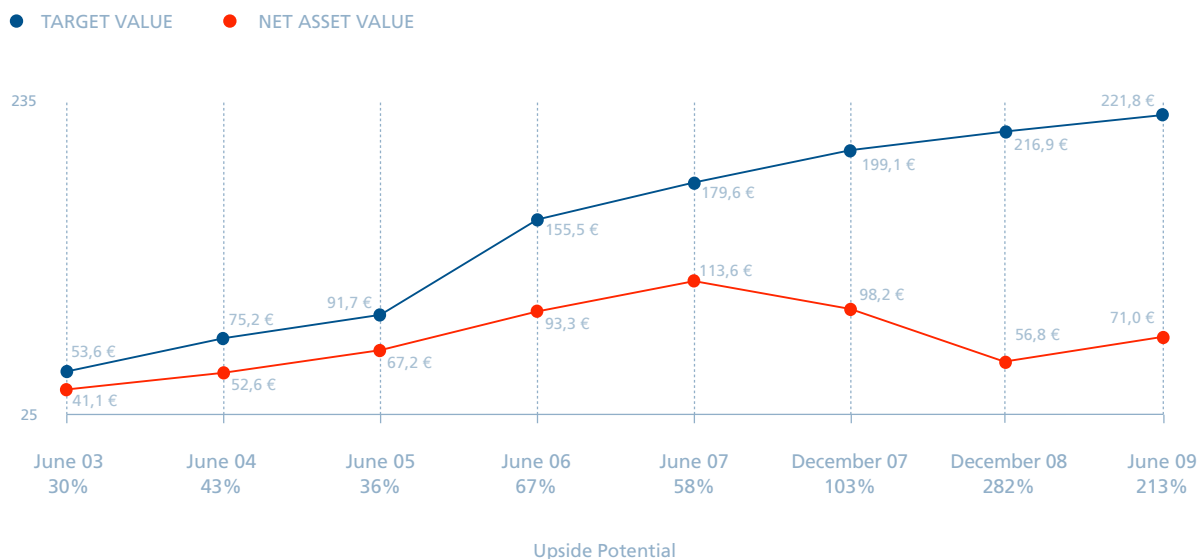


► Bestinfond invests 70% of its portfolio in international equities and 30% in Iberian equities.

- The valuation of the fund at the close of the quarter is still highly attractive, the potential appreciation standing at 213%.

BESTINFOND

Evolution of the difference between target value and net asset value



BESTINFOND	31-mar-09	30-jun-09	Var %
Target Value (€/share)	230,8	221,8	-3,89%
Net Asset Value (€/share)	52,1	71,0	36,15%
Upside potential	343%	213%	
PER (estimated free cash flow 2010)	3,4 x	4,8 x	

► Information published MONTHLY in the Client Zone on our website : www.bestinver.com

1000
x 10)
x 10)
0)

\$ \$ \$ \$

750
500
250

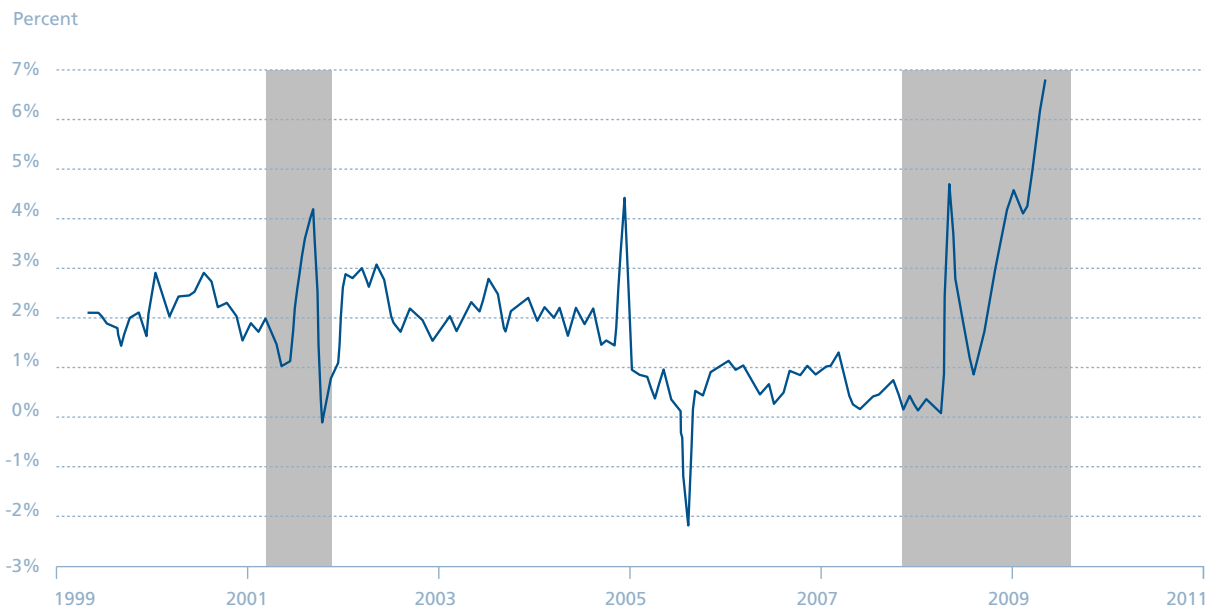
1,500
300

The Current Environment

Stock markets have responded positively to an improvement in the perception of the economic situation. In a few months we have gone from depression to a slight euphoria, but prudent reading of the second quarter should lead us to a scenario that the fall in economic activity has simply slowed down. Government measures have served to recapitalise banks and avoid the worst, although at the moment this liquidity is still stagnant and the credit crunch continues.

As we mentioned in the last letter, the cause of our current situation is the excessive debt that economic agents have been accumulating over the last few years. Purging these excesses and opening up a more healthy and sustainable economy is a process that is slowly being developed. A good indicator of this change is the personal savings rate, which in the United States, as we can see in the graph, has gone in a very short time from 0% to over 6%. This saving will have a negative impact on consumption at first but will subsequently be compensated by demographic growth and an increase in average income as economic activity is recovered on a more solid basis.

PERSONAL SAVING RATE (PSAVERT)

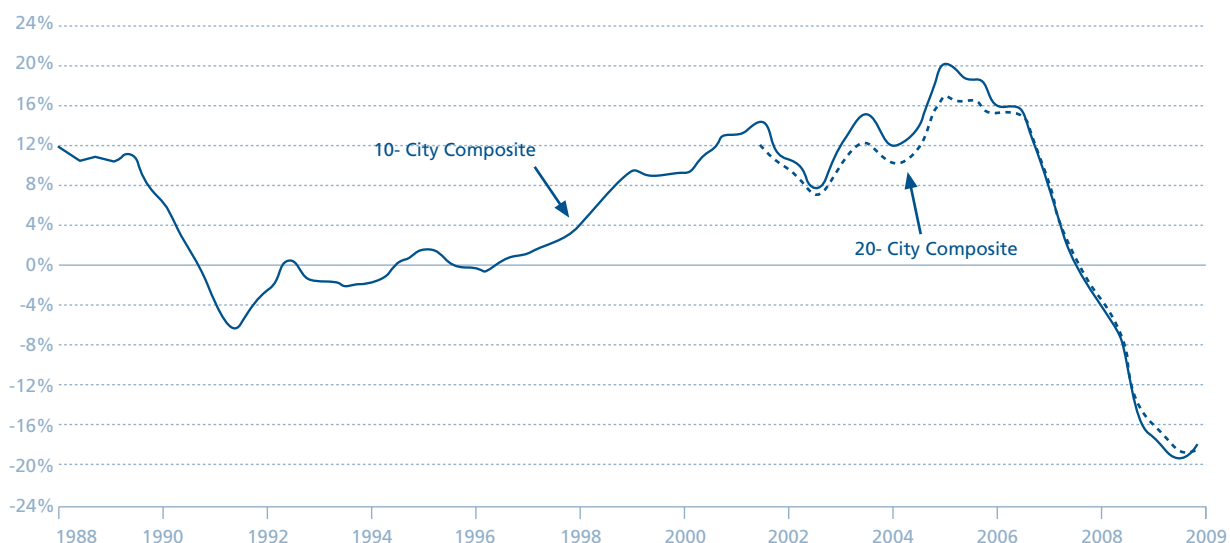


- ▶ Source: US Department of Commerce: Bureau of Economic Analysis
- ▶ Shaded areas indicate US recessions

The United States' real estate market is still in an adjustment phase that began three years ago, although currently being less marked than in previous quarters. Despite the publishing of positive information such as the recent "Pending Home Sales", the general view is that there is still some way to go before the market recovers. The graph of the Case-Shiller Index supports this view.

S&P/CASE-SHILLER HOME PRICE INDICES

Percent change, year ago

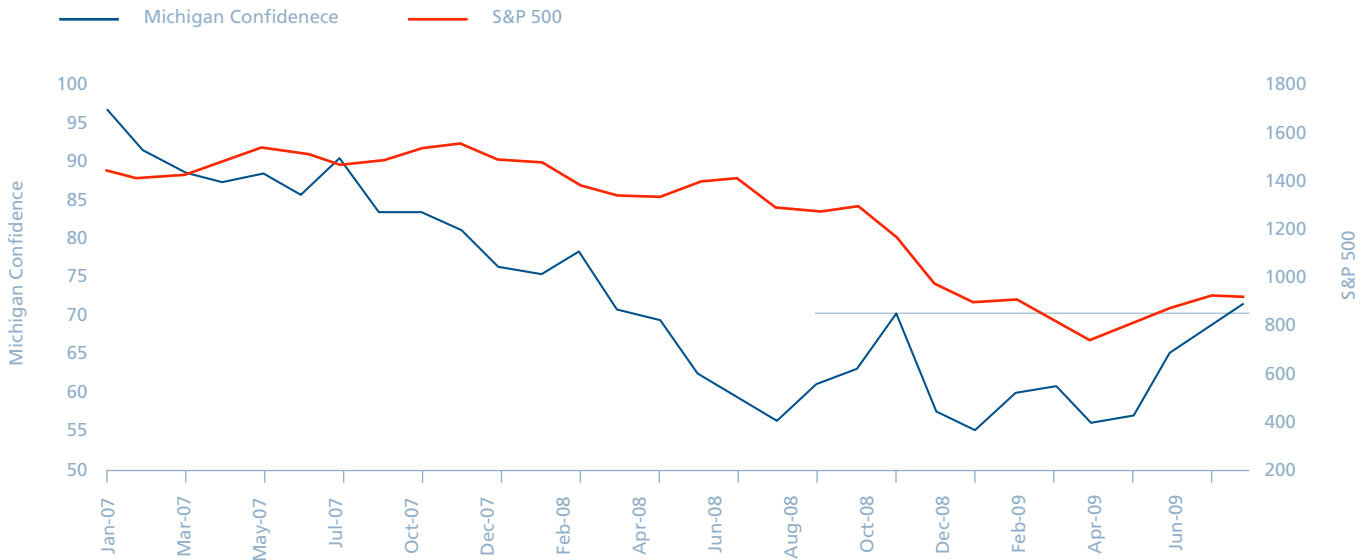


► Source: Standard & Poor's

However, in the United Kingdom, where there has also been a real estate bubble, the news are much better, with the recording of an increase in house prices of 1.1% in the second quarter of the year.

The increase in risk tolerance we have been mentioning has led to money input flows in equity, which continues to be led by the emerging markets. Consumer confidence seems to be going hand in hand with the markets and recorded its fifth consecutive monthly rise in June, standing at the same level as in October last year.

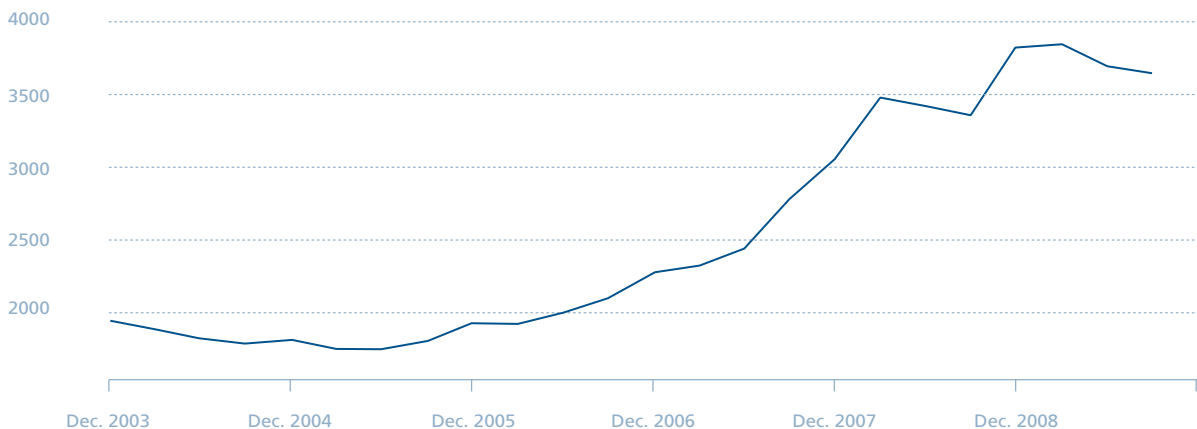
MICHIGAN CONFIDENCE AND S&P 500: 2007- PRESENT



► Source: Bespoke

An enormous quantity of liquidity still exists, which will seek out alternative products to money market funds, whose low yields will become progressively less attractive as we enter an inflation phase. In the US alone there are currently 3,663 billion dollars in money market funds.

MMFA INDEX



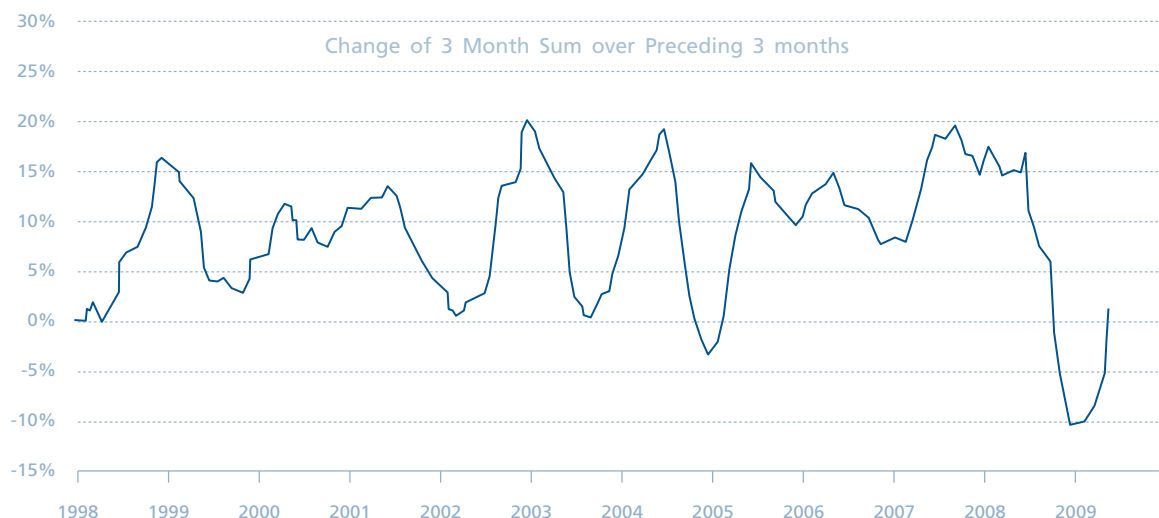
► Source: Bloomberg

In such a pessimistic context as that of the start of the year, we insisted on the need to be patient to see how the funds' potential translated into net value. Since then, price and value have been adjusting, despite which the potential of the funds still offers a historic investment opportunity, being invested in companies whose price is still below their real value. We stress that it is very difficult to predict how the economy and the markets will evolve, so making investment decisions based on these two premises will not generally speaking lead to good results.

We continue to view the Chinese economy and its contribution to global growth positively. With an estimated growth in GDP for 2009 of around 8%, recovery forecasts are supported by specific data such as the growth in manufacturing output for the third consecutive month and the record automobile sales, which could reach 10 million units this year when this was the objective for 2015.

Another positive fact about the world's third economy is the rise of government revenue by the increase of tax revenues provided by the companies. This implies a revival of the private sector that would have a very beneficial effect on the overall economy.

CHINA'S GOVERNMENT REVENUE BEGINING TO RISE IN MAY



► Source: ISI China Research

Both China and the rest of Asia are re-orienting themselves towards internal demand in an effort to mitigate exposure to the US' economic cycle.

Our International Portfolio



During the second quarter of the year our international portfolio has achieved a positive return of 43.2%, which compares with the 13.3% of the MSCI World Index, its benchmark. So far this year, the fund's yield is already clearly positive, standing at 31.7%, compared to the 3.8% of the MSCI. The long-term performance is still above the index at 7.4% and 11.8% annual over the last 5 and 10 years.

In our previous letter, we mentioned that in the first quarter of 2009 we had brought your attention to the first indications that the market had started to discriminate between stocks, with spectacular rises in the price of some of our investments. This trend is clearly confirmed in this second quarter, with a clear impact on the fund's performance, which has beaten its benchmark's trend by a marked 30% in just one quarter.

While in the first quarter we took the example of 10 companies of the international fund with appreciations of at least 70% from minimum, in the second quarter the rises have been much more pronounced and generalised throughout most of the companies in the portfolio (although still differing greatly from one to another). Thus, at the end of the second quarter some of our companies have increased their listed price 2, 3 or even six-fold. In a more general analysis, we should mention that 75% of the fund's companies have achieved appreciations from minimums of over 40%.

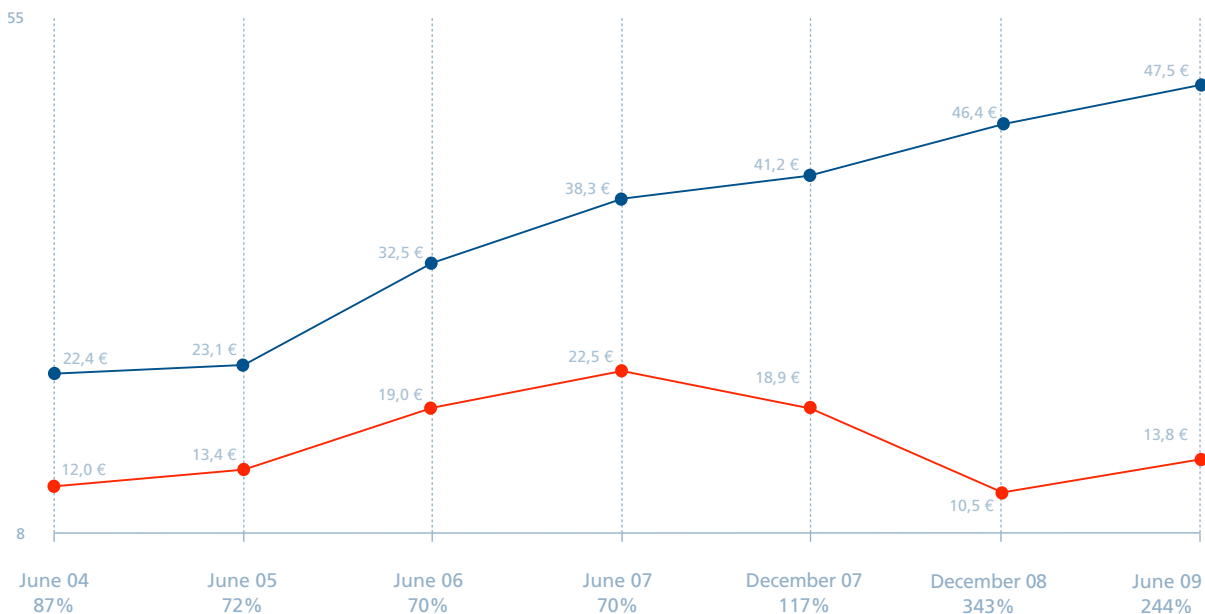
As we at Bestinver have said many times, the most important catalyst for the market to gradually acknowledge the value of our funds will be observation that falls in prices have been exaggerated compared to corporate profit forecasts. The publishing of the results for the first quarter of 2009 has started to confirm this fact.

However, the fund's positive behaviour and the slight improvement in the economic forecasts for 2010, mean that we remain prudent in our assessment of companies. In the quarter we improved our valuation in 34 companies and reduced it in 23, with an overall moderate fall in the fund's valuation (-4.1% in the quarter, from €49.6/participation to €47,5). This fall in the fund's valuation has occurred mainly because, given the uncertain macro-economic circumstances and the strong appreciation potential funds have, in our selection of companies we have chosen to give even greater priority to the quality of companies at the cost of not having maximised the potential. We could say we have renounced a little appreciation potential by increasing its security. However, on 30 June 2009, the fund's valuation is still above that at the end of last year (€46.40), and we hope that in the coming months we will be able to return to our normal job of creating value and progressively improving the fund's valuation. Having said this, and following the sharp rise of 43%, the fund continues to be listed at a very low PER of 4.4x, and therefore has an appreciation potential of 244%.

BESTINVER INTERNACIONAL

Evolution of the difference between target value and net asset value.

● TARGET VALUE ● NET ASSET VALUE



Upside Potential

BESTINVER INTERNACIONAL	31-mar-09	30-jun-09	Var %
Target Value (€/share)	49,6	47,5	-4,1%
Net Asset Value (€/share)	9,6	13,8	43,2%
Upside potential	422%	244%	
PER (estimated free cash flow 2010)	2,9 x	4,4 x	

► Information published MONTHLY in the Client Zone on our website: www.bestinver.com

Our Iberian Portfolio



During the quarter our Iberian portfolio generated a positive return of +21.6%, which compares to the +23.9% of the IGBM, its reference index. So far this year the fund's performance is +10.7%, which compares with the +4.2% of the IGBM. The long-term performance also exceeds the index by 5.1% and by 11.1% annual over the last 5 and 10 years.

As we have been saying for some time, our strategy of avoiding exposure to cyclic businesses in Spain is enabling us to exceed the yield of the reference index. Although this already started last year (-35.2% Bestinver Bolsa vs -40.6% IGBM), the difference was not significant compared to the magnitude of the losses, and we couldn't say that the market was discriminating between companies to any extent. In the first half of 2009, however, the difference in behaviour has been much clearer. This better behaviour has been achieved despite the fact that in the second quarter the fund did slightly worse than the index, largely due to a marked recovery in the share prices of the Spanish banks, a recovery that appears to us to be not at all "solid".

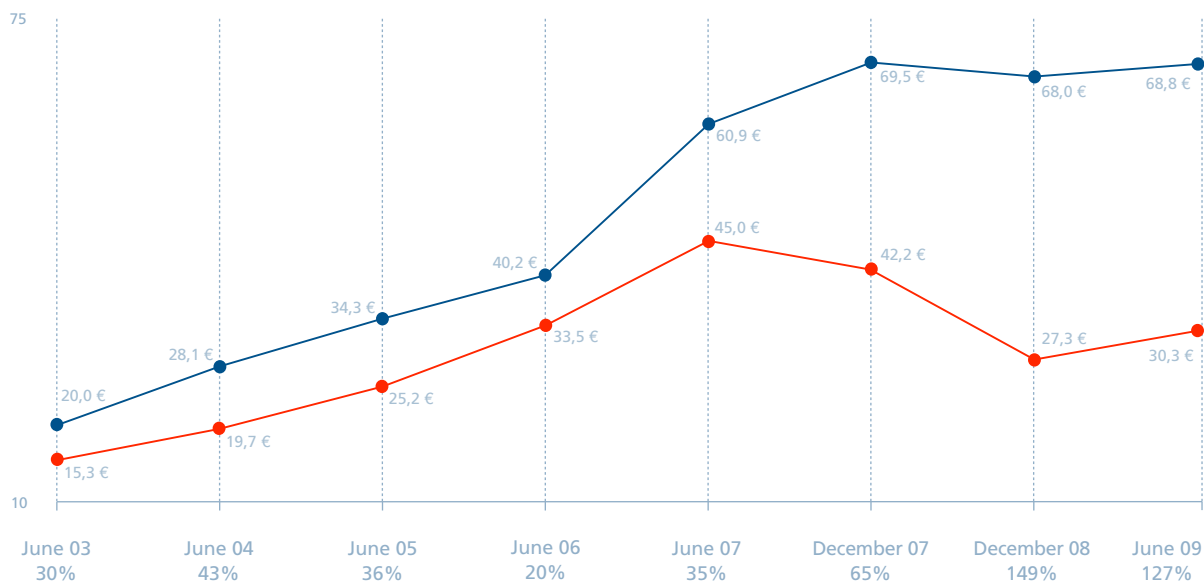
At the end of the second quarter, the rises in the prices of some of our investments from minimums exceed 80% and over half the companies in the national portfolio have recovered from minimums by 40% or more. Again, the publishing of the first quarter results was one of the major catalysts as well as the improvement in the global economic outlook for 2010 from which many of our companies will benefit as their businesses have a significant international exposure.

Just as we said in relation to the international portfolio, we are still conservative in our valuation of companies. In the second quarter we improved the valuation in 17 companies and reduced it in 16. Just like for the international fund, although with hardly any impact on the aggregated valuation of the fund (-0.6% in the quarter, from €69.3/participation to €68.8), we have given even more priority to the quality of companies than usual, which has limited the opportunities to create value but has improved the security of the said potential. From a more specific point of view, the most significant variation in the quarter was in Ence, whose valuation we have lowered permanently basically due to the sale of its project in Uruguay.

After the almost 20% rise in the quarter, the Iberia portfolio is priced at a PER of 6.6x, and therefore still has a potential of 127%.

BESTINVER BOLSA Evolution of the difference between target value and net asset value

● TARGET VALUE ● NET ASSET VALUE



Upside Potential

BESTINVER BOLSA	31-mar-09	30-jun-09	Var %
Target Value (€/share)	69,3	68,8	-0,6%
Net Asset Value (€/share)	24,9	30,3	21,6%
Upside potential	174%	127%	
PER (estimated free cash flow 2010)	5,5 x	6,6 x	

► Information published MONTHLY in the Client Zone on our website: www.bestinver.com

Bestinvest Hedge Value Fund



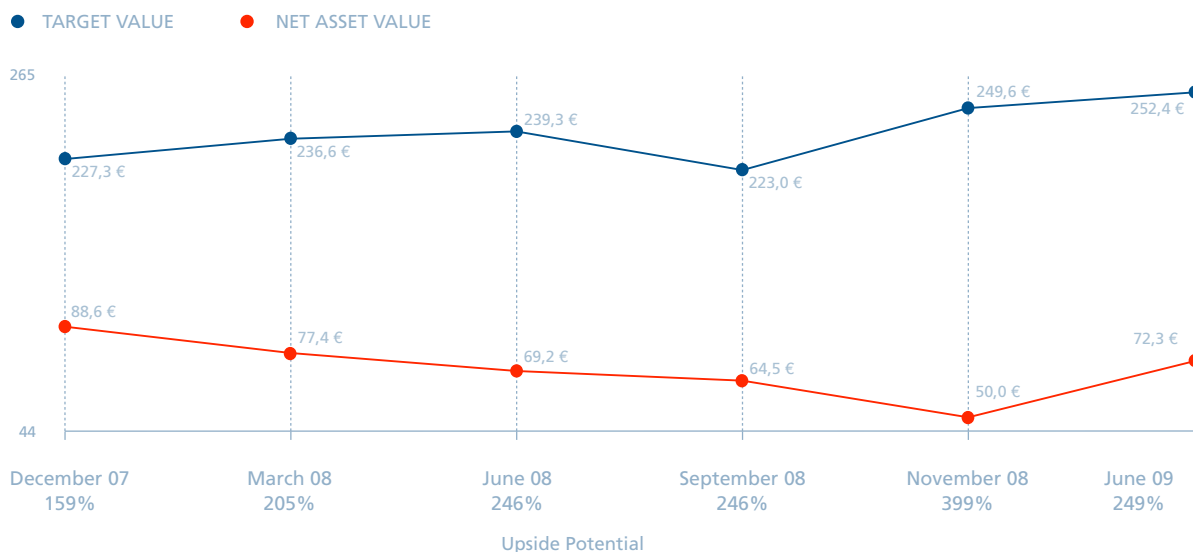
EnergySelSect	RWX	61.01	2.18	-3.6
clSelSect	XLE	74.61	2.21	27.3
SE/Macq Glb Infst	XLF	30.63	1.49	-16.6
hCrSelSect	GII	63.49	1.08	24.9
SelSect	XLV	36.52	0.88	0.1
Sml Cap	XLI	38.93	1.48	11.8
Bank	EWK	56.12	1.48	11.8
Capital	EWJ	47.20	1.48	11.8
Insurance	EWK	47.20	1.48	11.8
Health	EWJ	47.20	1.48	11.8
Real Estate	EWK	47.20	1.48	11.8
Technology	EWJ	47.20	1.48	11.8
Utilities	EWK	47.20	1.48	11.8
Other	EWJ	47.20	1.48	11.8

Bestinver Hedge Value Fund posted a positive return of 52.5% in the second quarter of 2009, which compares with the +13.3% of the MSCI, its benchmark. So far this year the fund's yield is positive with +51.5%, compared to the +3.8% of the MSCI. Being a concentrated compendium of our best ideas, this spectacular behaviour is logical, given the good performance of the International and Iberian portfolios.

During the quarter the fund's objective value fell slightly (by 2.6%, from €259.2 to €252.4) in line with what happened with the valuation of the international portfolio, which is where most of the Hedge Fund's investments come from, offering a potential of 249%.

BESTINVER HEDGE VALUE FUND

Evolution of the difference between target value and net asset value



B. HEDGE VALUE FUND	31-mar-09	30-jun-09	Var %
Target Value (€/share)	259,9	252,4	-2,6%
Net Asset Value (€/share)	47,4	72,3	52,6%
Upside potential	447%	249%	
PER (estimated free cash flow 2010)	2,7 x	4,3 x	

► Information published MONTHLY in the Client Zone on our website: www.bestinver.com

Conclusion



During this second quarter of 2009, the behaviour of the international portfolio against its index started to demonstrate the merits of our selection of companies and the fact we pointed out in the first quarter, in which only the initial indications were becoming evident, that the market had started to discriminate between companies that had suffered permanent losses in value (banks, real estate agents and companies heavily in debt who are not going to be able to fulfil their financial obligations) and companies with solid and sustainable businesses who are simply going through a period of depressed profits, or even in some cases, are increasing their profits.

Our Iberian portfolio, however, has behaved very similarly to the index, despite being, unlike the latter, protected to a great extent against what we believe is going to be a long and intense crisis in Spain. We believe that this will make the relative behaviour against the IGBM once again clearly favourable to our strategy in the future.

The above confirms what we said on other occasions during 2008, that a large part of the fall in pricing of our companies was due to the lack of investor cash flow and not to fundamental problems in the said companies.

Despite the strong recovery in our portfolios in the quarter, the sharp falls that preceded this and which reached to historical minimums in most stock market securities, along with our value-creating work, explain why the potential they offer is still so exceptional. Although we do not know at what rate the recovery in the prices of our investments will continue, we firmly believe that they still offer a great investment opportunity in the long term.

- This document has been prepared by Bestinver Gestión, S.A. SGIC for information purposes only and can be in no way considered an offer to participate in its investment funds. The information contained herein was compiled by Bestinver Gestión, S.A. SGIC from sources it believes are reliable. However, while appropriate measures have been taken to verify its accuracy, Bestinver Gestión, S.A. SGIC in no way guarantees that it is accurate, complete or up to date.
- All opinions and estimates included on this document reflect the best judgment of Bestinver Gestión, S.A. SGIC as of the date they refer to and may be changed without prior notification. All opinions issued herein are general in nature and do not take into consideration individual specific investment objectives or financial circumstances.
- Under no circumstances can Bestinver Gestión, S.A. SGIC, its managers, employees or authorised personnel be held responsible for any damage resulting, directly or indirectly, from the use of the information contained within this document. Information regarding past returns does not in any way constitute a promise or guarantee as to future performance.
- All Bestinver returns are expressed in local currency, as net after expenses and commissions.
- Text written by Fernando Bernad Marrase (Bestinver fund manager).
- All of the Bestinver mutual funds are co-managed by the three fund managers: Francisco García Paramés, Álvaro Guzmán de Lázaro, and Fernando Bernad Marrase.
- The current quarterly newsletter as well as the old ones can be found on our website. (www.bestinver.com)
- **Upside:** The fund's scope for revaluation in the opinion of Bestinver fund managers, calculated as the difference between current P/E and target P/E. It is not about the earnings of the fund in a particular period, as, although the fund may be achieving a particular level of return, the goal of the fund managers is to increase this potential, or, at least, to keep it constant.
- **P/E:** Price of free cash-flow at which the fund is trading, based on the P/E estimated by Bestinver's fund managers for each company (includes adjustments such as debt, changes in the cycle, exchange rates, etc.)
- **Price:** The net asset value of the shares in the fund. For the international stock market, the net asset value of the B. Internacional fund is used; whilst for the Iberian stock market, the net asset value of the B. Bolsa fund is used.
- **Target Price:** The net asset value that shares in a fund could reach based on the intrinsic value, in the opinion of Bestinver's fund managers, of all the stocks in the portfolio.

06

BESTINVER
Asset Management

BESTINVER, S.A.

C/ Juan de Mena, 8 - 1º Dcha.
28014 MADRID - (SPAIN)

bestinver@bestinver.es

Phone: (34) 91 595 91 50/00

Fax: (34) 91 595 91 20/21

www.bestinver.com