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Quarterly Newsletter

N° 13, APRIL 2011



BESTINVER

Asset Management



At the close of the first quarter of 2011 all the funds managed by Bestinver had made positive returns. We thus remain committed to the goal of beating inflation in the long term and, where possible, the indices that are comparable to our funds.

As the accompanying table shows, both the historical cumulative returns for each of the funds and those for the year-to-date in 2011 have comfortably achieved this objective. Moreover, it is not merely past returns that satisfy, but also the enormous cumulative value that still remains on our portfolios and which we examine below.

CUMULATIVE RETURNS*

	Inception	15 years	10 years	5 years	3 years	1 year	Q1
Bestifond** Index (70% MSCI World / 20% IGBM / 10% PSI)	1764.43% 397.95%	959.65% 220.74%	285.38% 23.34%	24.33% -12.50%	29.23% -4.02%	17.48% 4.10%	4.10% 0.78%
Bestinver Internacional MSCI World Index (Eur)	279.88% 11.91%		119.61% -21.64%	24.85% -14.73%	28.79% 3.70%	18.59% 6.02%	1.84% -1.41%
Bestinver Bolsa Index (70% IGBM / 30% PSI)	475.46% 90.25%		284.55% 25.01%	26.88% -13.72%	5.79% -22.83%	13.57% -2.32%	9.49% 6.01%
Bestinver Mixto Index (45% IGBM / 17,5% PSI / 37,5% EONIA)	273.55% 72.29%		167.52% 26.85%	23.17% -6.07%	6.59% -15.15%	10.51% -0.82%	7.33% 4.82%
Bestinver Mixto Internac. Index (70% MSCI World / 30% EONIA)	25.45% -2.04%				30.26% 4.73%	14.44% 4.14%	1.46% -0.11%
Bestinver Renta Ind. (90% EONIA / 7% MSCI W. / 2% IGBM / 1% PSI)	87.21% 71.53%		44.10% 32.87%	12.85% 16.33%	6.80% 7.96%	1.16% 2.68%	0.27% 2.34%
Bestinver Hedge Value Fund MSCI World Index (Eur)	15.25% -18.11%				48.81% 3.70%	13.02% 6.02%	3.07% -1.41%

→ Figures at the close of: 31/03/2011.

Source: Bestinver

	Inception	10 years	5 years	3 years	1 year	Q1
Bestinver Ahorro Index (35% EONIA / 65% ÍNDICE B. GLOBAL)	445.34% 172.33%	197.79% 41.39%	31.67% 2.09%	24.31% -1.89%	13.82% 3.75%	3.17% 1.10%
Bestinver Global Index (70% MSCI WORLD / 20% IGBM / 10% PSI)	74.19% 4.66%		19.49% -18.38%	28.73% -4.02%	17.70% 4.09%	4.10% 0.77%
Bestinver Previsión Index (90% EONIA / 7% MSCI W. / 2% IGBM / 1% PSI)	19.06% 18.37%		12.64% 14.93%	6.74% 6.63%	1.05% 2.55%	0.23% 2.31%

→ Figures at the close of: 31/03/2011.

Source: Bestinver

RENTABILIDADES ANUALIZADAS*

	Inception	15 years	10 years	5 years	3 years	1 year
Bestinfond** Index (70% MSCI World / 20% IGBM / 10% PSI)	17.42% 9.21%	17.04% 8.08%	14.44% 2.12%	4.45% -2.64%	8.92% -1.36%	17.48% 4.10%
Bestinver Internacional MSCI World Index (Eur)	10.60% 0.85%		8.18% -2.41%	4.54% -3.14%	11.55% 1.22%	18.59% 6.02%
Bestinver Bolsa Index (70% IGBM / 30% PSI)	14.03% 4.94%		14.42% 2.26%	4.88% -2.91%	1.89% -8.27%	13.57% -2.32%
Bestinver Mixto Index (45% IGBM / 17,5% PSI / 37,5% EONIA)	9.99% 4.01%		10.34% 2.41%	4.26% -1.24%	2.15% -5.33%	10.51% -0.82%
Bestinver Mixto Internacional Index (70% MSCI World / 30% EONIA)	4.96% -0.44%				9.21% 1.55%	14.44% 4.14%
Bestinver Renta Ind. (90% EONIA / 7% MSCI W. / 2% IGBM / 1% PSI)	4.15% 3.56%		3.72% 2.51%	2.45% 3.08%	2.22% 2.59%	1.16% 2.68%
Bestinver Hedge Value Fund MSCI World Index (Eur)	4.33% -1.14%				14.17% 1.22%	13.02% 6.02%

→ Figures at the close of: 31/03/2011.

Source: Bestinver

	Inception	10 years	5 years	3 years	1 year
Bestinver Ahorro Index (35% EONIA / 65% ÍNDICE B. GLOBAL)	12.49% 7.20%	11.53% 3.52%	5.66% 0.53%	7.52% -0.63%	13.82% 3.75%
Bestinver Global Index (70% MSCI WORLD / 20% IGBM / 10% PSI)	9.16% 0.73%		3.63% -3.98%	8.78% -1.36%	17.70% 4.09%
Bestinver Previsión Index (90% EONIA / 7% MSCI W. / 2% IGBM / 1% PSI)	2.83% 2.74%		2.41% 2.82%	2.20% 2.16%	1.05% 2.55%

→ Figures at the close of: 31/03/2011.

Source: Bestinver

* The benchmark indexes of Bestinfond, Bestinver Bolsa, Bestinver Mixto and Bestinver Renta are weighted indexes that take into account investment levels in each market, as well as the percentage of investment in equities and fixed income, in the case of balanced funds.

All yields for Bestinver funds are shown net, after commissions and fees, and include dividend reinvestments.

This information is for information purposes only. Past yields are no guarantee of future returns.

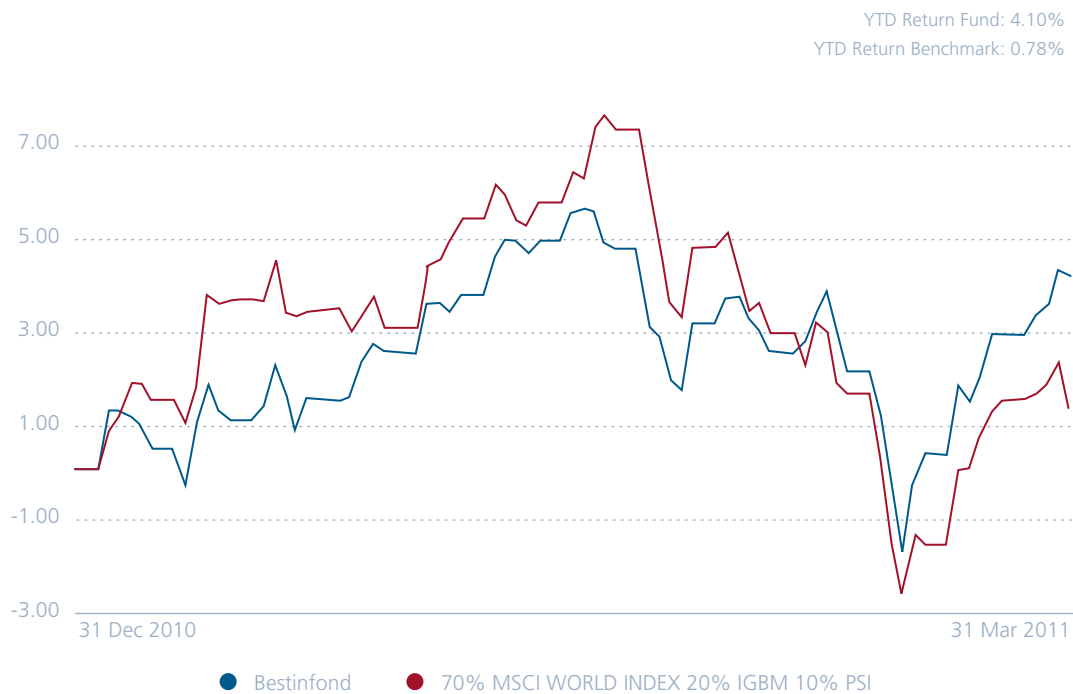
** Bestinfond invested exclusively in Spanish Equities until 12 May 2005.

OUR MODEL PORTFOLIO (BESTINFOND)

Our model portfolio, which is represented by Bestinfond (70% international / 30% Iberian holdings) and the Bestinver Global pension fund, has built up 2011 first quarter returns of 4.10% against 0.78% for its benchmark index (70% MSCI World Index, 20% IGBM and 10% PSI).

BESTINFOND

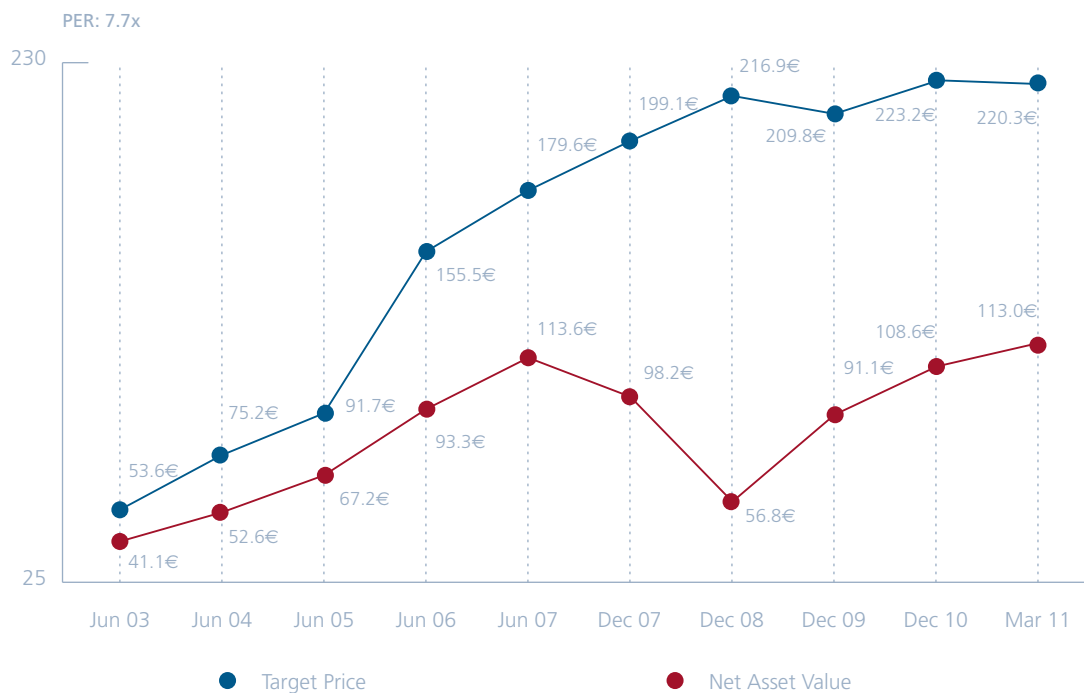
Evolution in 2011



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

BESTINFOND

Evolution of the difference between target price and net asset value



→ Information published MONTHLY in the Client Zone on our website www.bestinver.es

BESTINFOND	31-Dec-10	31-Mar-11	Var % 31-Mar-11
Target Price (€/share)	223.15	220.29	-1.28%
Net Asset Value (€/share)	108.55	113.00	4.10%
Upside Potential	106%	95%	
PER (estimated free cash flow 2011)	7.3 x	7.7 x	

→ Información publicada MENSUALMENTE en la Zona de Clientes de nuestra web www.bestinver.es

The target price of Bestifond was lowered by 1.28% in the first quarter, which leaves it with an upside potential of 95%. The price: value ratio means that each euro of value can be acquired for 51 cents.



Our International Portfolio

Our international portfolio has gained +1.8% in the first quarter of 2011, which compares with a fall of -1.4% in the benchmark index, the MSCI. Over the long term, the difference in yield in favour of our portfolio is 7.7% and 10.6% a year for the last 5 and 10 years respectively.

Over the quarter we have upgraded valuations for 25 companies and downgraded them for 18. The net effect on the overall valuation for the fund was thus to lower it by -1.2% from €46.5 to €46.

The main change from a negative standpoint occurred with Clariant, where we have lowered our valuation for the company by -30%. The reason behind this downgrade is that the company has decided to acquire another chemical company of a very substantial size at a value which does little to help our interests. Our philosophy has always been to try and invest in companies that are well-managed, not just from the operational point of view, but also from the standpoint of decisions on how to allocate capital. This last consideration explains why we traditionally prefer family businesses. We are, however, not completely free of exposure to the risk that one or other of the companies in which we invest might take strategic decisions which, in our opinion, are unfavourable for shareholders, and the recent move announced by Clariant is an example of this. At a time such as now, when the quality of the companies in our portfolio is better than ever, decisions on how to employ capital are especially important, given that our investments generate substantial cash flow.

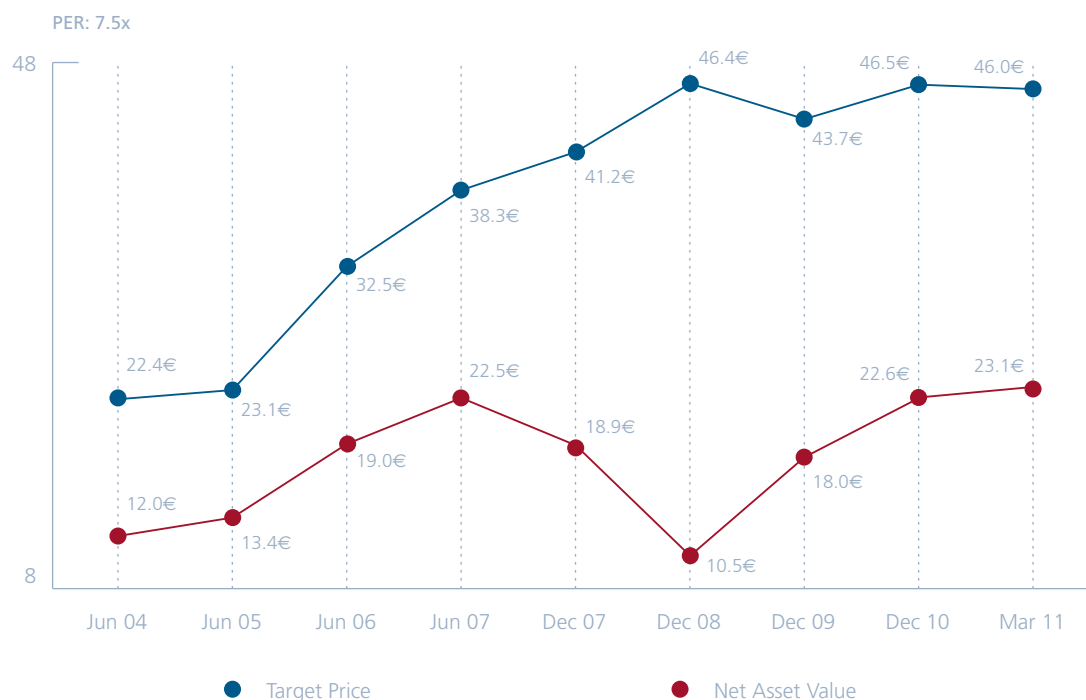
We therefore intend to place even more emphasis, if this is possible, on this aspect of the investment process so as to minimize risk of this type. Expressed in a more positive way, we will ensure that we invest in companies that maximize value creation.

On the positive side, the most notable valuation upgrade was one of 22% for BMW. This is due to the good business progress made and the fact that we are becoming increasingly confident of the company achieving the targets set out in its strategy plan.

The international portfolio stands at a PER of 7.5x with upside potential of 99%. This means that the price to value ratio for Bestinver Internacional is 0.5, which represents paying 50 cents for each euro (of value estimated by Bestinver) in the fund.

BESTINVER INTERNACIONAL

Evolution of the difference between target value and net asset value



→ Información publicada MENSUALMENTE en la Zona de Clientes de nuestra web www.bestinver.es

BESTINVER INTERNACIONAL	31-Dec-10	31-Mar-11	Var % 31-Mar-11
Target Price (€/share)	46.50	45.96	-1.16%
Net Asset Value (€/share)	22.64	23.05	1.83%
Upside Potential	105%	99%	
PER (estimated free cash flow 2011)	7.3 x	7.5 x	

→ Information published MONTHLY in the Client Zone on our website www.bestinver.es



In US
Merrill Lynch

Standard & Poor's
market as the transaction
in millions (\$)

2002/03
2003/04
2004/05

Our Iberian Portfolio

Over the first quarter of 2011 the Net Asset Value of the domestic portfolio rose +9.5%, which compares with +6% for the benchmark index (70% IGBM and 30% PSI). The long term yield has outperformed the index by 7.8% and 12.2% annually for the last 5 and 10 year periods respectively.

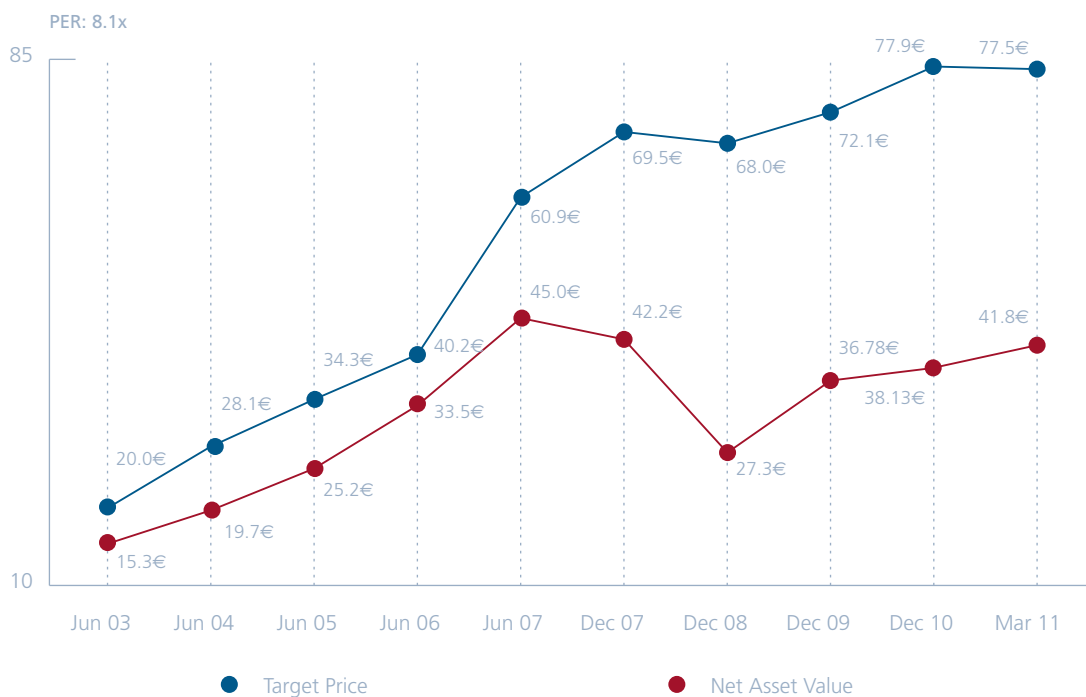
Some of the companies which have contributed most to the fund's positive performance are Ferrovial (+19% in the quarter), Laboratorios Almirall (+16%), Gas Natural (+15%), Corporación Financiera Alba (+13%), Acciona (+45%) and Unipapel (+20%), this last case basically being as a result of the sale of its interest in a division (Ofiservice) at a valuation very similar to our own.

In the fourth quarter we upgraded our valuation for 20 companies, while we downgraded 15. The net effect of the overall valuation for the fund was scant (-0.5%) and this emerged at €77.5. The most notable point concerning the portfolio in terms of valuation was the lowering we applied to Corporación Financiera Alba (-10%) arising from the sale of a minor part of its holding in ACS below our valuation level.

The domestic portfolio stands at a PER of 8.1x, with upside potential of 86%. The price to value ratio is therefore 54 cents for each euro of the target price.

BESTINVER BOLSA

Evolution of the difference between target value and net asset value



→ Información publicada MENSUALMENTE en la Zona de Clientes de nuestra web www.bestinver.es

BESTINVER BOLSA	31-Dec-10	31-Mar-11	Var % 31-Mar-11
Target Price (€/share)	77.92	77.49	-0.55%
Net Asset Value (€/share)	38.13	41.75	9.50%
Upside Potential	104%	86%	
PER (estimated free cash flow 2011)	7.3 x	8.1 x	

→ Information published MONTHLY in the Client Zone on our website www.bestinver.es

Bestinver Hedge Value Fund

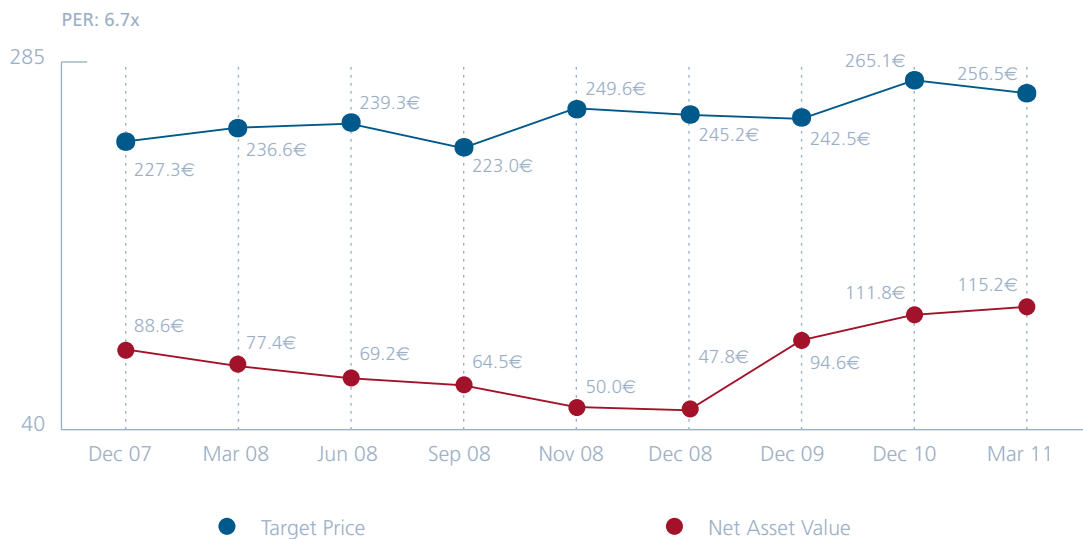
Bestinver Hedge Value Fund has produced positive returns in the first quarter of 2011 of 3.1%, against -1.4% for the MSCI. Since its launch in September 2007 the Hedge Value Fund has built up gains of +15.2%, which far outperform the figure of +3.6% for Bestinver and the fall of -18.1% for the MSCI.

The yield for B. Hedge Value over the quarter was a little under that for Bestinver (+4.1%), essentially as a result of the negative performance in the share price for one of our investments (-21%), which, owing to its size, has a much higher weighting in the Hedge Value Fund. In 2009, however, this company rose sharply, but in this quarter this has partly fallen back again.

In the quarter the fund's target price was pulled back by 3.3% from €265.5 per unit to €56.5. The fund is trading at a PER of 6.7x and offers an upside potential of 123% and a price to quality ratio of 45 cents for each euro of the target price.

HEDGE FUND

Evolution of the difference between target value and net asset value



→ Información publicada MENSUALMENTE en la Zona de Clientes de nuestra web www.bestinver.es

BESTINVER HEDGE VALUE FUND	31-Dec-10	31-Mar-11	Var % 31-Mar-11
Target Price (€/share)	265.13	256.49	-3.26%
Net Asset Value (€/share)	111.82	115.25	3.07%
Upside Potential	137%	123%	
PER (estimated free cash flow 2011)	6.3 x	6.7 x	

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Financial Report

Annual Review

Conclusión

In a quarter with very few events to report, the highlight has been the positive performance by our domestic portfolio, which continues to outperform its benchmark index, building on the relative “advantage” achieved in 2010 of almost +19%, as well as those of the two previous years. These are the rewards for our strategy that has proven right of avoiding exposure to cyclical businesses that focus on the domestic economy, which is one we aim to pursue.

Here we should also stress again, by way of a qualitative fact to add to the numerical figures mentioned earlier regarding upside potentials, that the quality of the companies which our portfolios comprise is the best we have ever experienced in the history of Bestinver. Let us hope that this serves to inspire confidence in net asset values managing to reach their target prices little by little. We will naturally make our best efforts to continue to improve on such target prices at all times, as that is the prime, if not the sole, objective of the team at Bestinver.

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All Bestinver returns are expressed in € and are net, after expenses and commissions.

Text by Fernando Bernad Marrase (Bestinver fund manager).

All of Bestinver's investment funds are co-managed by the three fund managers: Francisco García Paramés, Alvaro Guzmán de Lázaro, and Fernando Bernad Marrase.

This quarterly newsletter and prior newsletters can be found on our website.

Upside: A fund's scope for revaluation at any given time, in the opinion of Bestinver's fund managers, calculated as the difference between current P/E and target P/E. It does not refer to a fund's earnings over a specified period because even if a fund obtains a specific return, the aim of the fund managers is to increase or at least maintain its upside.

P/E: Price to free cash-flow of the fund, based on P/E of each company estimated by Bestinver's fund managers (adjusted for debt, timing within the cycle, share price, exchange rates, etc.).

Price: The net asset value of the shares in the fund at any particular time. For international stocks, the net asset value used is that of the B.Internacional fund. For Iberian stocks, the net asset value used is that of the B.Bolsa fund.

Target Price: The net asset value that shares in a fund might be expected to reach based on the intrinsic value, as estimated by Bestinver's fund managers, of all the stocks in the portfolio.



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