

Bestinver Internacional FI Acc

Morningstar Category Benchmark
MSCI Europe Small Cap NR USD

Morningstar Qualitative Rating™



► **Elite**
Superior
Standard
Inferior
Impaired

Javier Sáenz de Cenzano, CFA
Morningstar Analyst

Executive Summary

People: The team is very experienced and is concentrated in a geographical area and only one investment style. The team's interests are very well aligned with investors'.

Parent: The fund's parent is a solid boutique-type management company focused on generating long-term profitability, with zero turnover of the management team.

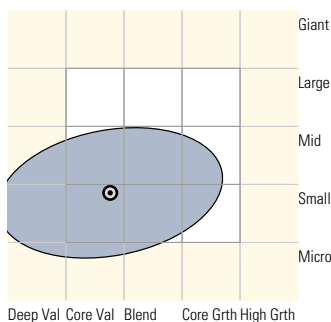
Process: This is a solid and well-structured process with a long-term mindset. The portfolio focuses on managers' best ideas, not paying much attention to indexes..

Performance: Excellent long-term returns and below-average levels of volatility and other risk measurements.

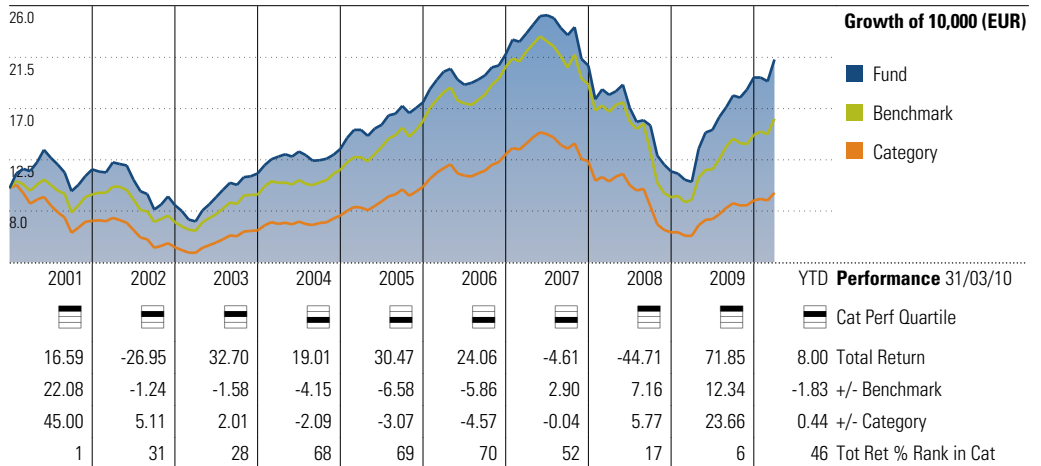
Price: It is not a particularly expensive fund compared with its category, but it is expensive in absolute terms.

Role in Portfolio: This fund is suitable for those looking to diversify their exposure to European equities. It is not suitable for investors who are seeking index-like returns or have a short term horizon.

Morningstar Style Box: Ownership Zone



⊙ Centroid = weighted average of stock holdings
● Zone = 75% of fund's stock holdings
(as of 31/12/09)



Morningstar Opinion

11 Feb 2010 | After this fund performed well in 2009, we are not changing our view on it.

We continue to believe that the boutique structure of the house provides good support to the management team and helps align the interests of the managers with those of the investors. There have not been any new products launched in recent months. Nevertheless, the firm has run several funds registered in Luxembourg since 2008, which are clones of the domestic strategies. The objective is to get better access to foreign clients. The main drawback we continue to see is the fact is that back-end fees end up in the company's income statement instead of in the fund's net asset value, which in our opinion would be the fairest solution for investors. The management fee has not changed, therefore the annual expense ratio that this fund charges is still slightly below the category average.

With regard to the investment team, we maintain a very high opinion of García Paramés, Guzmán de Lázaro, and Bernad; they form a close-knit and experienced team that shares the same philosophy and investment mindset.

The investment process is robust and we think it is capable of adding value in the long term. After the recent financial crisis, the team decided to slightly modify the approach

by placing even more emphasis on the companies' quality, in terms of ROCE. We do not expect this to have a significant impact on the overall strategy though, and the current portfolio reflects to a large extent this subtle change. Over the past few months, they have continued rotating toward quality companies, investing in stocks such as Dutch multinational Wolters Kluwer, which is now one of the top positions in the portfolio. On the other hand, they have sold stocks that have performed well and that are not as high-quality as others in the portfolio, such as the German Leoni. The Dutch stock Océ is no longer in the portfolio either after it was bought out by Canon with a price premium of 70%. On the other hand, the portfolio keeps becoming more concentrated, a trend that we have been seeing for some time.

The fund's performance in 2009 has been impressive, recording a gain of 71.9% and outperforming the category average by around 24%. As we would expect from such a concentrated, stock-picker's fund, the main drivers of returns were stock-specific, with companies such as Debenhams, Virgin Media, and Smurfit Kappa boosting results. After such a strong year, the fund's long-term relative returns continue to be excellent.

In short, we believe that this fund will continue to be an attractive investment, and we therefore maintain our Elite rating.

Morningstar Category™	Europe Small-Cap Equity
Manager's Benchmark	100% MSCI World Index
Inception Date	19/11/1997
Total Net Assets	EUR 782.49 Mil

ISIN	ES0114638036
Domicile	Spain
Legal Status	Unit Trust
UCITS	Yes
Base Currency	EUR

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Manager	Álvaro Guzmán de Lázaro, Fernando Bernad, Francisco García Paramés
Manager Start	01/03/03
Average Tenure	7.61
Avg Yrs Experience	15 years
Longest Tenure	12.41

Other Funds Managed
Bestinfond; Bestinver Bolsa; B. Renta; B. Mixto; B. Mixto Internacional; B. Hedge Value.

Number of Analysts 4 professionals

Management Company
Bestinver Asset Management

Total Assets Under Mgt EUR 4,000 Millions
Total Assets in Strategy EUR 800 Mill

No Holdings (Range)	60-80
Max Position Size	10%
Min Position Size	0%
Expd Track Error	No limit
Expd Turnover	100-200%
Sector Constraints	No
Regional Constraints	No, but focused on Euro ex-Spain
Yield Requirement	No
Tactical Use of Cash	No
Hedging Policy	Unhedged
Manager's Benchmark	100% MSCI World Index

People

The management team is very experienced. It is led by Francisco García Paramés, who started with Bestinver in 1991 and has managed the funds since their launch. Paramés is a very experienced manager who has lived through several market cycles and who has remained faithful to his investment philosophy during complicated periods, such as the late 1990s, usually taking positions contrarian to the market consensus. The two other members of the team, Álvaro Guzmán and Fernando Bernad, had previously worked together at Value Management and Banesto. Guzmán joined the team in 2003 and Bernad in 2007. The three managers share the

Parent

This is a very solid management firm that gives total support to the management team; it has truly demonstrated this over difficult periods for the funds, such as during 1998-99. The firm is strongly directed to generate long-term profitability because it does not actively carry out marketing activities and does not use external distributors; therefore good returns are key for the success and sustainability of the business. The firm uses the same investment process for all the products, which reduces complexity to the structure. It does not continually launch products that are hot in the market; it manages only seven funds and since 2000 it has launched

Process: Investment Approach

The fund has a solid process due to its long-term outlook, its consistently applied value strategy, and its desire to carry out a comprehensive analysis of companies. Fundamentally, the managers apply the philosophy postulated by Warren Buffett and Benjamin Graham, seeking very high-quality companies with solid management selling at strong discounts to their fair value, and exploiting market inefficiencies by having a very long-term approach. The managers' experience, their knowledge of the market, and their network of contacts are the principal sources for generating ideas. Before investing in a company, a comprehensive analysis process

same investment philosophy, process, and passion for investments. The team is very focused on the European and Spanish universe of companies and has amassed significant knowledge of the market after many years in this field. García Paramés and Guzmán have all of their financial wealth invested in the company's funds and their salaries depend on the company's profitability. We would prefer that their salaries depended more on the returns of the funds; however, returns, asset under management, and profits are very aligned at this firm. For the time being, Bernad's remuneration package does not depend on these results, yet he invests a large part (90%) of his wealth in the funds.

only one new fund. As a general rule, both investment and business decisions are made with a long term view. At first glance there seems to be high management risk, but personal investment in the funds, high remunerations, and total independence and flexibility in the decision-making are factors that significantly mitigate this risk. No one from the management team has ever left the team since the foundation of the company in 1987. Performance of the firm's product lineup has been good across the board; all the funds have, in the long term, delivered returns above the average for their respective categories. The funds' total expense ratios (TER) are around average or slightly below average.

is carried out, that includes contact with the management team, competitors, providers, customers, personnel, etc. Portfolio weights are guided by conviction in the company in question, without regard to the indexes, and according to the estimated discount that the investment may offer. As this estimated discount changes with prices fluctuations, stock weights in the portfolio will vary. These weight adjustments generate quite a high portfolio turnover (100%-200%), although the turnover by individual name is much less, revolving around 25%. With regard to exposure by region, sector, and capitalisation, the fund is flexible, with few limitations on exposure to risk, which is controlled through a comprehensive analysis of the stocks, minimizing the risk of committing errors.

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Value Measures	Fund	Rel Cat
Price/Earnings	12.57	0.96
Price/Sales	0.20	0.41
Price/Book	1.27	0.93
Price/Cash Flow	3.62	0.73
Dividend Yield %	3.40	0.72

Growth Measures	Fund	Rel Cat
Long-Term Earnings	6.94	0.55
Historical Earnings	-8.67	0.29
Sales	-16.78	0.35
Cash Flow	-39.90	0.72
Book Value	-28.71	0.68

Average Market Cap EUR 947.97 Mil

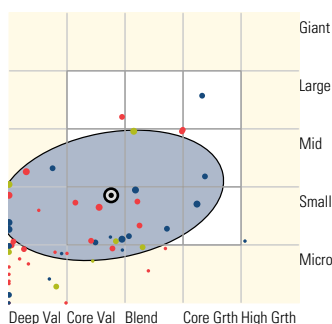
Process: Portfolio Positioning

The fund has historically had a high exposure to small and medium-sized companies, although lately it has increased its exposure to large companies, which, according to the managers, are offering more interesting opportunities.

The fund's exposure to the banking and real estate sectors is virtually nil, a stance they have maintained for several years now. The main sectors in the fund are industrials, consumer services, and consumer goods. The managers focus on companies with little debt and a global customer base. Over the past few months, they have continued to emphasise quality, investing in stocks such as Dutch

multinational Wolters Kluwer. On the other hand, they have sold stocks that have performed well and that are not as high quality as others in the portfolio such as the German Leoni. The Dutch stock Océ is no longer in the portfolio either after it was bought out by Canon with a price premium of 70%. One problem we see in the process is the high asset volume. The managers in some cases will not be able to increase their exposure to small and medium-sized companies in which they already have a significant stake. Furthermore, making a mistake on illiquid companies could have a significant negative impact on the fund. Although these risks are mitigated to some extent, we would prefer if the fund had a smaller asset base.

Morningstar Holdings Based Style Map



● Centroid = weighted average of stock holdings
 ● Zone = 75% of fund's stock holdings
 (as of 31/12/09)

World Regions	% Equity
Greater Europe	98.82
Americas	1.18
Greater Asia	0.00

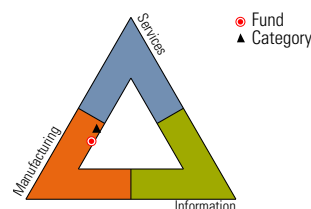
Top 5 Countries	% Equity
Switzerland	20.37
Italy	19.11
Netherlands	14.69
France	13.65
Germany	13.09

Market Maturity	% Equity
Developed Markets	100.00
Emerging Markets	0.00
Not Classified	0.00

Asset Allocation	% Assets	long %	short %	net %
Stocks	94.86	94.86	0.00	94.86
Bonds	0.00	0.00	0.00	0.00
Cash	5.14	0.00	0.00	5.14
Other	0.00	0.00	0.00	0.00

Top Holdings	% Assets
Bayerische Motoren Werke AG	7.48
CIR CIE Industriali Riunite SPA, T...	6.75
Wolters Kluwer NV	5.95
Debenhams PLC	4.76
Schindler Holding AG, Hergiswil	4.54
Oce Nv	3.41
Stef-TFE	3.33
Fuchs Petrolub AG	3.31
METALL ZUG Ltd	3.05
Cofide CIA Finanziaria De Benedett...	3.01
Esprinet	2.93
Smurfit Kappa Group PLC	2.69
Virgin Media, Inc.	2.58
Clariant AG, Muttenz	2.31
Rexel	2.19
Schindler Holding AG	2.14
Macintosh Retail Group	2.13
Zehnder Group AG	1.75
Dätwyler Holding AG	1.65
Econocom Group	1.63
Total Equity/Bond Holdings	63/0
Assets in Top 10 Holdings %	45.59

Sector Delta



Sector Weightings	% Equity	Rel Cat
Information	15.27	1.08
Software	0.00	0.00
Hardware	1.13	0.53
Media	12.40	2.40
Telecommunications	1.74	0.51
Service	31.87	0.82
Healthcare	0.00	0.00
Consumer Services	16.43	1.62
Business Services	8.96	0.82
Financial Services	6.48	0.53
Manufacturing	52.86	1.13
Consumer Goods	21.50	1.39
Industrial Materials	31.35	1.21
Energy	0.00	0.00
Utilities	0.00	0.00

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Trailing (EUR)	Total Rtn %	+/- Bmark	+/- Cat	%Rnk in Cat
3 Mo	8.00	-1.83	0.44	46
6 Mo	17.41	5.13	6.07	6
1 Yr	101.74	22.26	34.18	3
3 Yr Annualised	-3.36	6.51	8.51	4
5 Yr Annualised	7.09	2.24	4.21	6
10 Yr Annualised	8.65	4.27	11.49	2

MPT Stats	3 Yr	Rel Cat	5 Yr	Rel Cat
R-Squared	84.16	0.93	84.36	0.93
Beta	0.93	1.03	0.90	0.96
Alpha	6.12	-1.77	2.36	-1.42

Volatility & Risk Adj Returns	3 Yr	Rel Cat	5 Yr	Rel Cat
Std Deviation	27.06	1.07	22.11	1.00
Mean	0.00	0.00	0.77	1.71
Sharpe Ratio	-0.11	0.22	0.29	2.64
Information Ratio	0.59	-2.27	0.24	-0.80
Treynor Ratio	-6.85	0.41	4.66	-93.20

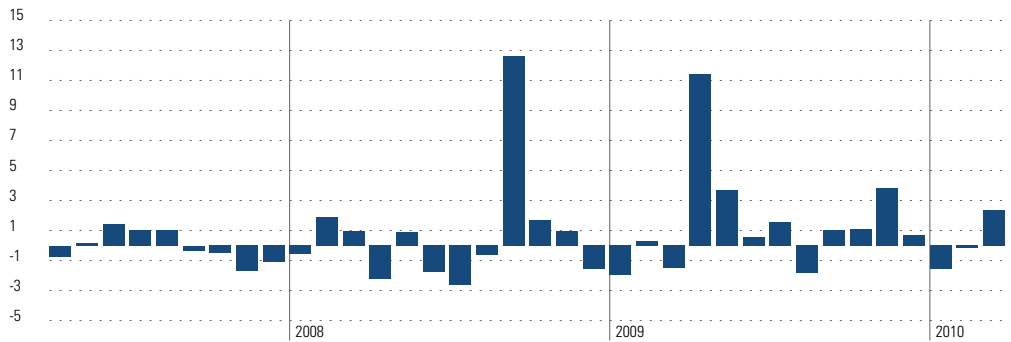
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Performance Analysis

The fund's returns have been excellent in the long term both in relative and absolute terms. Against general indexes (such as MSCI World or MSCI Europe) this fund has benefitted from a high exposure to small and medium-sized companies, which have outperformed their larger peers over the past few years. Notwithstanding, this fund has also had good results compared with categories like Europe Small-Cap Equity and compared with mid- and small-cap indexes, which speaks positively about the

value added by the team. Although the absolute return was negative in 2008, the fund managed to beat its category average by a considerable margin as well as the MSCI Europe Small Cap NR Index. In 2009 the fund's performance was impressive; it recorded a gain of 71.9% and outperformed the category average by around 24%. As we would expect from such a concentrated, stock-picker's fund, the main drivers of returns were stock-specific, with companies such as Debenhams, Virgin Media, and Smurfit Kappa boosting results.

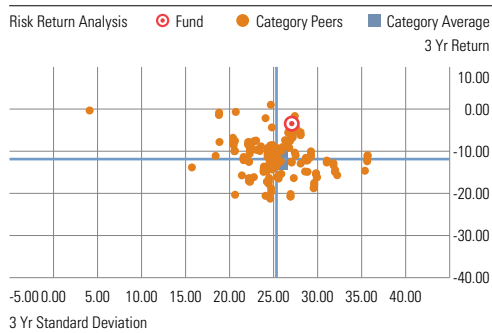
Monthly Return vs Morningstar Category (EUR)



Risk & Return

In terms of risk, this fund has shown the lowest volatility of its category; its Sharpe Ratio is in the category's first decile over three-, five-, and 10-year periods. The

maximum historical drawdown and the percentage of negative months have also been among the lowest, which reflects its good performance in downward or very volatile periods, according to its philosophy of generating absolute returns in the long term.



Morningstar Rating™ (Rel Cat)	Morningstar Return	Morningstar Risk	Morningstar Rating
3 Year	High	Avg	★★★★★
5 Year	High	Avg	★★★★★
10 Year	High	Avg	★★★★★
Overall	High	Avg	★★★★★

Price

The annual costs of the fund (TER) is in line with the category average, although the category is dear in absolute terms. It charges 3% back-end fees for terms of less than one year.

Initial Sales Charge %	0.00
Max. Annual Management Fee %	1.75
Total Expense Ratio %	1.82