



## Bestinver ramps up BMW exposure anticipating 'best year in history'

by Atholl Simpson on Oct 06, 2011

MADRID: Leading Spanish managers [Alvaro Guzmán de Lazaro](#) and [Fernando Bernad Marrase](#) of Bestinver believe the global economy is in much better shape than most investors would have you believe.

Speaking exclusively to Citywire Global at their offices in Madrid, the managers, who work alongside renowned Spanish investor [Francisco García Paramés](#), said a sense of perspective was necessary especially with the eurozone crisis continuing to rule the news agenda.

'From now to the next five years I am positive on the outlook for the global economy,' said Guzmán, who co-manages the firm's flagship fund [Bestinver Internacional](#) with Paramés and Marrase.

'We don't think it is as bad as the newspapers are saying. For us this is an opportunity to invest in those companies that have seen their valuations fall.'

Admittedly, there are a number of countries where the situation merits paying attention to, and short term events can indeed change the outlook, but this, Guzmán says should not detract from the firm's value hunt as of the companies they scour, often more than half of the revenue comes from outside of Europe.

'People are focusing on things like the eurozone crisis and other things, but we don't see it as being that bad,' added Marrase. 'The world will continue to grow, but just at a slower pace.'

The value managers used the example of BMW, one of their top holdings, to illustrate their view. Of the close to 1.5 million cars it will sell this year, around 30% is exposed to today's risky zones, mainly the developed markets.

'But a company like BMW is set to make more money this year than in all its history,' said Guzmán. 'If the world is are doing that badly, what it means is their valuation is very very low.'

The German car manufacturer is just one of the companies they have been increasing their holdings in. More recently they have increased their shares in French group Rexel and Swiss logistics firm Panalpina. The trio also increased their exposure to one of their top stocks, French defence group Thales.

However, they have also reduced weightings in key companies during the summer. The fund's shares in British retailer Next were liquidated will they also sold off some exposure to Dutch group Ahold and Belgian cinema group Kinepolis.

While the fund is a conviction-based strategy with around 50 holdings, almost 50% of the fund is invested in only six holdings which include, BMW, Thales, German lift maker Schindler, information services company Wolters Kluwer and Italian manufacturer Exor and utility group CIR.

Since the start of the year Guzmán and Marrase admit that while in relative return terms the fund has outperformed, in absolute terms it has lost around 14%. But while many funds suffered outflows over the summer, this was not the case for the Spanish group.

'During the last crisis a few investors redeemed but those that stayed knew a lot about how we operate. But this summer, we didn't suffer any outflows as a result of the market drop. Investors may have been nervous but none exited the fund.'