

INTERVIEW

"We are not very upbeat"

F. García Paramés, Head of Investment at Bestinver Gestión

Bestinver Gestión started to operate in 1988. A member of the Acciona Group, it currently manages seven mutual funds with total assets of over 150 million euros. Francisco García Paramés has been the Head of Investment at Bestinver Gestión since 1990.

- What is your current view of the market?

[Photo] **"In 1999 we did not take position into tech companies, took advantage to invest in brick and mortar companies"**

Spanish blue chips are still overvalued despite significant corrections in the last two years. Therefore, our assessment of stock exchange market performance is not very upbeat. However, we do see upside potential in small and mid caps, which are trading at healthy discounts to enterprise value.

- How do you decide to buy and sell shares?

We look at companies from a bottom-up perspective, without paying too much attention to market trends. Therefore, key to our selection approach is establishing enterprise value as reliably as possible, searching for valuation benchmarks either by analysing peers or by taking into account the price paid for M&A deals in the sector. If we find a company that quotes at a considerable discount, we buy it and keep it in the portfolio until it becomes fair value and is trading near our target price.

- Why did Bestinver Mixto sustain losses in 1999 when the Spanish stock exchange achieved healthy gains?

1999 saw the end of the technological bubble. Telecom and internet stocks were trading far above the real values of their businesses.

Meanwhile, traditional brick and mortar companies were excessively penalised because their lower growth expectations made them look "boring". We did not invest in tech companies, but rather took advantage to invest in traditional companies. In this way, despite sustaining minor losses in 1999, in 2000, 2001 and so far in 2002 we have achieved superior returns.

