

"Investors seek returns and we deliver"

Source: *Cinco Días* – Wednesday 9 November, 2005

Francisco García Paramés, Investment Manager at Bestinver

Little by little, without the support of a distribution network and with fund returns as their only calling card, Bestinver is placing three pension plans at the head of the mixed and equity categories of funds.

Francisco García Paramés, Investment Manager at Bestinver, insists on emphasising his investment philosophy. "We look for cheap stocks, we enter discretely and we wait. Our vocation is the long term and we don't want speculators either in our funds or in our pension plans."

"We recommend the Plan Global since there are many opportunities in the international stock market"

They don't offer hams, or cash gifts, or promotions for switching from other fund managers. "Investors come seeking returns and deliver", stresses general manager Francisco García Paramés.

Investment Philosophy

At Bestinver, they seek returns in absolute terms and not in relation to benchmark indices. García Paramés comments, "For us, risk is not measured by volatility but by the real possibility of losing money." "The unit holder is the priority, and we have shown this", he assures.

He specifies, "If our objective were growth for growth's sake, we would offer our funds and plans to the various distributors that have asked us."

Bestinver's pension management company was formed in 1996 and is wholly owned by the Acciona group. It has 175 million euros in assets under management for some 7,230 unit holders. The minimum investment to participate in any of its plans is 100 euros.

The investment policy for all the plans is the value school: they do not follow indices but rather they seek companies with good financials and potential for increases in value, without regard to size.

Every time they buy a share, they are acquiring a certain company and not just a security that goes up and down. As a result, it is essential to understand the business they are acquiring and to know that they are not paying too high a price for it, they stress at Bestinver.

In the short term, changes in a company's price are unpredictable, however, in the long term prices always have to reflect the economic value of the company.

In 2005, Bestinver widened the range of its pension funds with two new products, a more aggressive one called Bestinver Global, and another more conservative one, Bestinver Previsión.

Bestinver Global follows the same investment policy as the Bestinver Internacional investment fund, investing all of its assets in equities in any country in the world. Total returns as at September stood at 24.63%.

Bestinver Global offers a very good outlook for upside, considering that at the global level there are many alternatives, comments García Paramés. The size of the company is not a decisive factor when making the investment. They prefer to invest in small, undervalued companies rather than in big companies at exorbitant prices.

Bestinver Global chooses from 20,000 potential companies, compared to the 115 that the Spanish stock market offers, allowing for greater diversification as assets under management grow. This plan is directed at clients who are far from retirement and who have a certain tolerance for risk. The favourites in the Bestinver Global portfolio are: Wegener, Fuchs Petrolub, Escada, Hagemeyer, and Nutreco.

For more conservative investors, the management company offers Bestinver Previsión, a real alternative to guaranteed products, and for clients who are nearing retirement. It invests 90% of its assets in short-term, fixed-income securities and the remaining 10% in equities. Total returns as at September stood at 2.96%.

These two plans are in addition to its classic Bestinver Ahorro, a balanced equity fund. Its return at September is 18.93%, investing only 50% of the portfolio in equities. The main equity investments are Mapfre, Acerinox, Altadis, Catalana Occidente and Cortefiel.

No Venture Capital

There is no venture capital in the plans' portfolios. The reason is "it's hard for us to find venture capital investments for our pension funds which might offer us higher returns than we think we can get from equities", comments García Paramés.

"With equities, we have the advantage that if we see something that we like, we buy it; however, if later on we find something better, we sell it and that's it", he adds. The obligation of having to remain invested in venture capital for five years also takes away flexibility".