

MANAGEMENT OF B.INTERNACIONAL, ONE OF THE BEST PERFORMING FUNDS IN 2001

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What has the fund done to put itself in such a solvent situation? What is the outlook for these types of funds in the short term?

Bestinver Internacional, just like the rest of our actively managed funds, looks for companies whose economic value (determined by assets, debt, earnings, dividends, future outlook, etc.) is clearly higher than their price. Once we make the decision to buy, we keep the investment for as long as it takes: if the company is performing in a reasonable way, it is no problem for us to wait three or four years until the market recognises its real value. We do not try to replicate indices and if the price of the major companies is not attractive, we prefer to invest in the smaller, less well-known companies. We believe that this is the best way of investing to achieve the highest returns in the long term, which is just what we pursue at Bestinver Gestión. Moreover, in difficult years for the markets, such as the past two years, it allows us to achieve positive results.

What countries and sectors do you overweight the most?

The allocation by countries or sectors is not something that we determine beforehand when we design a fund's portfolio. We look for good companies at good prices and we buy. The sector or geographical breakdown is the result of the selection of equities company by company.

In Bestinver Internacional, we have found attractive opportunities in the developed economies so we have not had to go looking in the emerging markets. In 2001, we invested mainly in Europe (50% of the fund), in the US (30%), and Japan (15%). As for sectors, our company selection led us to buy mainly in the telecommunication, commerce, and insurance sectors.

After this good performance, what are the keys to investing in 2002? What countries and sectors will you take into account?

We do not think that 2002 will be a positive year for world equity markets. The recovery of around 30% since September's lows seems hardly sustainable to us in the current economic context. We believe that at current prices, the indices are still overvalued. Moreover, forecasts for an economic rebound in the second half of the year seem a little premature to us. Nevertheless, we continue to see good opportunities in equities that are not included in the major indices and that are priced well below their true economic value. We are confident that these stocks will generate positive returns in 2002 as well.

As for countries and sectors, as we have already explained, we invest where we find the best opportunities without a pre-ordained allocation. In any case, there will not be any big changes from last year.