

HOW ARE THE AWARD-WINNING FUNDS MANAGED?

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Company data:

Euro	2001	2002	% Change
Assets	151,106,194	222,085,706	+46.97%
Unit holders	2,389	4,090	+71.20%

2002 market share: 0.12%.

We do not make short-term forecasts. Nevertheless, our objective is to increase our assets to reasonable levels and continue managing our funds in accordance with our investment philosophy.

Recommendations for the rest of the year and most attractive markets.

We do not think 2003 is going to be a positive year for the domestic market. Many of the top Spanish companies, the ones that really set market trends, are still overvalued despite the sharp corrections seen since the all-time highs reached in March 2000. Moreover, as we already commented, the global economic environment is not the most appropriate for corporate earnings to improve to the extent that they will have a noticeable effect on stock prices. So, it would not be a surprise if the stock market ends 2003 with an annual loss of 5%-10%.

Allocation by country or sectors is not something that we determine beforehand at the time of designing a fund's equity portfolio. We look for good companies at good prices and we buy them. The sector or geographical breakdown is the result of our selection of equities on a company by company basis.

How has the award-winning fund been managed?

I imagine that this question focuses on the management style that we apply to equities, since not one, but five funds have received awards, and not all of them invest fully in equities. This is the case of Bestinver Renta, a balanced fixed-income fund whose equity allocation rarely exceeds 8% of assets. Likewise, the average fixed-income allocation for Bestinver Mixto in 2002 was 60% of assets. The rest of the award-winning funds – Bestinver, Bestinver Bolsa, and Bestinver Internacional – are pure equity funds.

Our investment policy for equities is always the same. The stock-picking that determines the assets of the Bestinver group's Investment Funds is based on fundamental analysis, with a long-term investment horizon. This horizon allows us to close the short term gap between the real value of an equity and its stock market price.

What type of investor does the award-winning product target?

We do not have a target investor, we only ask that the investor understands and shares our investment philosophy and above all has the patience to withstand possible momentary falls in the fund.

Taking as an example our oldest fund, Bestinfond, we can say that even in the worst case scenario, i.e., those investors that entered when the fund was achieving its highest returns, after 24 months not only did they recover their investment, they even achieved double-digit returns. So, if there is something that we really ask of our client it is PATIENCE AND A LONG-TERM VIEW.

Nonetheless, we recommend our Bestinver Renta fund for those investors who want a no risk investment for a period of less than three years, and to achieve higher returns than they would otherwise achieve investing in short-term fixed income.

What type of fund do you consider the most attractive in 2003?

In 2003, we recommend investing in equities; without a doubt this is the most attractive investment in the long term. I would recommend investing in any of our Spanish equity funds. Also international equities, only that to a lesser extent since these have higher risk and volatility. In the Spanish market, there are companies trading at very attractive prices, not just now, after three consecutive years of declines, but even in 1999 when the stock market was at highs. We just have to be selective and carefully study these companies' fundamentals.

How will the non-taxation of fund switching affect the fund manager's strategy?

The fund manager's strategy and objectives will remain unchanged before and after the new law. What concerns us the most is that this new law may be used unduly and trigger buying and selling operations that have no sense or logic, corrupting the real spirit of funds as a long term investment. Nonetheless, since 2003 this law has meant for us an increase in both fund assets and the number of investors.

Do you consider a fund of funds or a basket of investment funds more attractive?

We would stick to the basket of funds. At least they allow investors to study the portfolio and the investment philosophy of each one, and pick the one that is most in tune with their profile.