

“We look for companies whose economic value is higher than their price”

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What do you think is the key to success?

At Bestinver Internacional, as in the rest of our actively managed funds, we look for companies whose economic value (determined by assets, debt, sales, earnings, dividends, future outlook etc.) is clearly higher than their share price. Once we decide to buy, we hold on to the investment for as long as it takes: if the company is performing reasonably well, we do not mind waiting three or four years for the market to recognise its real value. We do not try to replicate indices and if the big companies are not trading at attractive prices, we prefer to invest in smaller, lesser known stocks. We believe that this is the best way of investing to achieve the highest returns over the long-term, which is what we pursue at Bestinver Gestión. Moreover, it allows us to achieve positive results in difficult years for the markets like the past two.

What countries and sectors do you overweight the most?

The allocation by countries 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 the selection of equities on a company by company basis.

At 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 telecommunications, commerce, and insurance sectors.

After this good performance, what are your investment recommendations for 2002?

What countries and sectors (or equities) will you take into account?

We do not think that 2002 will be a positive year for the world equity markets. The c.30% recovery 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 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 equities 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.