

HOW TO ACHIEVE RETURNS IN A GENERAL DOWN MARKET

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In the case of Bestinver Bolsa, how can you successfully manage an equity fund – that in the last five years has had a 51% return – taking into account the performance of international stock markets?

We've not been following a different investment strategy in recent years, our strategy remains the same: take positions in undervalued companies which are trading at a huge discount to their income value. Normally, companies that fit this criterion have one or more of the following characteristics: prices that imply low ratios (P/E, EV/Sales, etc.), a healthy financial situation, good management, etc. We believe that investing in this type of company is the best way to achieve the highest returns in the long-term, which is our objective.

The added value that we at Bestinver Gestió bring, is to pursue a truly active management. We do not believe in index management. If the big companies with the most weight in the indices are overvalued, it is better to invest in small and medium-sized companies that are priced attractively. When the opposite is the case, it is better to invest in big companies. It's a question of the price/value ratio, size isn't as important.

Brief description of the fund portfolio

In equities, our biggest positions are Corporación Mapfre, Miquel y Costas, Aldeasa, Caf, and Elecnor.

In fixed income we opted for short-term debt to reduce risk.

In the same way, these days most people are inclined towards mutual or fixed-income funds, do you believe, in light of the results of the equity fund, that this is a good strategy or whether investors may be missing out on quite a few opportunities?

We believe that 2003 will not be an easy year for the major equity markets. However, there are still companies (especially mid/small cap) that are priced very attractively and that, despite the current difficult situation, present very clear investment opportunities for achieving good returns in the medium/long-term.