

Bestinver strengthens its commitment to Portugal by buying 5.42% of Ibersol, despite the poor performance of its funds

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Bestinver has not been put off by the market turbulence which cost it dear this summer. Quite the contrary, it continues to “conquer” Portugal and has acquired its third significant holding in a local company: 5.42% of Ibersol, the fast food franchise holding company which bid for Telepizza last year.

This transaction has been recorded in the register of the Portuguese securities exchange commission (the *Comissão do Mercado de Valores Mobiliários*, CMVM). Bestinver sources refused to reveal the amount paid but, at yesterday’s prices, the stake is valued at €11.9 million. However, Bestinver is not the only one to have spotted the opportunity; in August Santander Gestión acquired 4.51% of the company’s capital. Ibersol is Portugal’s leading fast food franchise with brands such as Pizza Hut, Burger King, Kentucky Fried Chicken, Pans & Company, Cantina Mariachi and Bocatta. Ibersol came to the notice of the Spanish press when it took part in the bidding for Telepizza, competing with Zena (CVC’s venture capital fund), a consortium led by the company’s chairman, Pedro Ballvé, and Permira, who eventually won out.

This is the third acquisition made by this asset manager, headed by Francisco García Paramés, in Portugal following the purchases in July of 7% of the editorial company Impresa (Portugal’s Prisa) and 5% of the cork manufacturer, Corticera Amorim. These moves follow Mr. Paramés’ announcement in May at Bestinver’s annual investors’ conference that the company would enter Portugal with full force as it saw more investment opportunities there than in Spain.

The acquisition of this stake in Ibersol has gone ahead despite the Acciona group fund manager’s poor performance during this summer’s crisis: its trademark fund, Bestinver Bolsa, has fallen 4.7% in the past three months and has been overtaken by Fidelity Iberia as the largest fund in the Spanish market, while Bestifond (European equities) dropped 5.6% in the same period.

Nevertheless, both funds are still enjoying double digit returns for 2007 as a whole.

“Insignificant” losses

Sources at the fund manager consider these specific losses “insignificant” in terms of its investment strategy which aims to seek high returns in the long term by investing in companies with strong fundamentals and which are undervalued by the market, in keeping with the value investing strategy favoured by **Warren Buffett**. These sources stated that “unitholders who have been with us for over two years are not worried by one-off falls”. Adding that the undervaluation of its funds’ portfolios is at its highest since 2002 due to the low P/Es (the companies’ price earnings ratio) at which the stocks invested in are trading.

Bestinver’s latest move has been to launch its **Bestinver Hedge Value Fund**, after obtaining authorisation from the CNMV, and which *El Confidencial* announced in May. This fund will follow the same investment philosophy although it will be more flexible than traditional funds as the portfolio may focus on a reduced number of stocks and be leveraged (the fund may take on more debt than its assets).