Bestinfond Unwrapped September 2010

A Detailed Quantitative Analysis

Of One Of The Most Successful Equity Funds In Europe

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Introduction

Bestinfond is a Spain-domiciled fund, launched on January 13, 1993. The fund invests in the all-cap range of Spanish equities but with a small-cap bias and has posted outstanding returns against all of the major Spanish stock exchange indices. The investment objective of the fund changed in May 2005 to international equities, mainly in the euro area. The fund-manager benchmark became a composite of a broad Spanish stock exchange index—the IGBM (40%) and the MSCI World (60%). In practice the fund concentrates its investments in Eurozone equities, with a bias toward Spanish stocks. Over the years the Spanish allocation has been decreasing steadily to under 20%, and the allocation to non-Eurozone member countries such as Switzerland and the U.K. has increased. Investments outside Europe remain minimal. Although the all-cap investment scope remains, the fund *de facto* has a clear bias toward medium- and small-caps. Thus, the Lipper holdings-based classification of the fund is Equity Europe Small-Cap Value. The fund has managed to gather close to one billion euros in assets, a rare achievement for an independent Spanish asset manager that sources a majority of the money from the domestic retail market. In this report we perform a detailed quantitative analysis of the fund for the five-year period from June 2005 to June 2010.

Executive Summary

Bestinfond achieved outstanding absolute returns against all three indices of reference for the five-year period. The fund managed to post an excess return of 16.4 percentage points against the MSCI Europe Small Cap Total Return index with lower absolute risk measures such as annualized volatility and maximum drawdown. Outperformance was also achieved in most of the years except for the June 2007 to June 2008 period.

Performance adjusted for risk, measured by the information ratio or Jensen alpha, was also positive against all three indices. Statistical data also pointed at an **active management** of the fund and to positive risk features such as low bear beta. However, the fund showed higher risk than its Equity Eurozone peers or the fund manager's benchmark. Only when the reference was the small-cap index was risk (volatility, VAR, and maximum drawdown) lower. This placed the fund within an expected risk level higher than a large-cap or an all-cap fund but clearly lower than a small-cap fund.

Expense analysis showed a **lower total expense ratio (TER)** than the fund's peers and a slightly decreasing positive trend. **Portfolio turnover** may have been high for a long-term focus value-biased fund at 117%, 67%, and 116%, respectively, for the last three years. This was due to some trading strategies of the fund manager that led to higher brokerage costs. (It is not in the scope of this report to assess if those higher brokerage costs added value in terms of performance.)

We researched in depth the management of the equity portfolio, using performance and risk-holdings attribution analysis. We found the manager was **very successful at stock selection**, whether the reference index was a broad one or a small-cap one. **Asset allocation in terms of countries or sectors** added little value or on occasion had a negative contribution. We found that **the best active returns** (outperformance) compared to the MSCI Europe Small Cap index **were achieved in the Netherlands, Spain, and Portugal.** The average overweighting of the fund to Spanish stocks meant the largest positive selection effect came from Spain. On the other hand, **stock picking in the U.K. was poor,** with an active return of minus 69.22% when the reference was the small-cap index. The active return for the U.K. was also negative when the benchmark taken was the MSCI Euro.

Regarding **allocation analysis** the overweighting to **Spain subtracted value** during the period, while the top positive allocation effect came from Switzerland. In terms of sectors metals and

chemicals brought the top positive allocation effects, while media and energy were the bottom contributors.

The **holdings profile of the fund** showed a **strong decreasing allocation trend to Spain** and a rising one to the equity markets of countries such as Italy, Portugal, and Switzerland. The fund lived up to its value focus. Besides enjoying lower P/E and P/BV than the MSCI Europe Small Cap index, the aggregate average return on equity of the portfolio was dramatically higher than that of the index. **Bestinfond**´s portfolio also kept a relatively low total debt-to-equity ratio. Finally, the allocation to financial stocks was minimal during the period.

Performance Analysis

The fund's performance was compared against three indices: MSCI Europe Small Cap TR, Lipper Global Equity Eurozone, and the composite 40% IGBM–60% MSCI World. The first index was selected on the basis of the holdings-based classification (HBC) assigned by Lipper[1]. The second was the Lipper index that reflects the average performance of the funds in the Equity Eurozone sector. The last index was the composite benchmark provided by the fund's manager in the fund prospectus, consisting of 40% Spanish stock exchange broad general index (IGBM) and 60% MSCI World.

The cumulative total return of **Bestinfond** over the five-year period ended June 30, 2010, was 30.86%. This resulted in excess returns of 38.77 percentage points, 38.83 percentage points, and 16.38 percentage points, respectively, over the composite 40% IGBM–60% MSCI World, the Lipper Global Equity Eurozone, and the MSCI Europe Small Cap TR indices. In Table 1 the excess returns were calculated for each of the five individual years. The fund outperformed in most of the periods. Significant underperformance was recorded only in the June 2007–June 2008 year (the first phase of the last bear market), although the fund still slightly outperformed the MSCI Europe Small Cap index, and in the June 2005–June 2006 period only compared to this index.

Table 1 Absolute Performance, One-Year Periods, June 2005-June 2010

	% Growth EUR Jun 05 - Jun 10	% Growth EUR Jun 09 - Jun 10	% Growth EUR Jun 08 - Jun 09	% Growth EUR Jun 07 - Jun 08	% Growth EUR Jun 06 - Jun 07	% Growth EUR Jun 05 - Jun 06
40% IGBM - 60% MSCI World	-7.91	11.79	-21.58	-23.14	21.21	12.75
Bestinfond, FI	30.86	30.39	-13.19	-30.03	34.91	22.49
LGC Equity EuroZone	-7.96	11.86	-25.62	-23.85	25.12	16.11
MSCI Europe Small Cap TR EUR	14.49	31.82	-26.16	-30.45	31.57	28.54
Excess return over 40% IGBM - 60% MSCI World	**38.77**	**18.60**	**8.39**	**-6.90**	**13.69**	**9.73**
Excess return over LGC Equity Eurozone	**38.83**	**18.52**	**12.44**	**-6.18**	**9.79**	**6.38**
Excess return over MSCI Europe Small Cap TR	**16.38**	**-1.43**	**12.97**	**0.42**	**3.34**	**-6.06**

Source: Lipper, a Thomson Reuters company

The analysis of relative and regression statistical data using the three indices of reference showed an active management of the portfolio. Annualized tracking errors for the five-year period stood around 9%, being highest against the fund manager's benchmark and lowest against the small-cap

MSCI index. Risk-adjusted performance measured by the information ratio showed significant positive values against all three indices.

The beta ratio data for the fund showed a performance pattern that points at a similar sensitivity to the Lipper Equity Eurozone index but far lower than the MSCI Europe Small Cap index, which would indicate a lower level of risk. In particular, the bear beta figures revealed a positive performance in down periods. On the other hand, the sensitivity during the up periods was comfortably over 1.0 in all instances. As a result the bull/beta ratios were well over 1.0 also. Finally, annualized Jensen Alpha ratios were strongly positive, in particular against the Lipper and fund-manager indices, suggesting that the active management of the fund had a positive contribution, although relatively low R-Squared data impaired the conclusion.

Table 2 Relative Performance, June 2005-June 2010

	Info Ratio Jun 05-Jun10	Tracking Error Jun 05-Jun10	Jensen Alpha Jun 05-Jun10	R-Squared Jun 05-Jun10	Beta Jun 05-Jun10	Bear Beta Jun 05-Jun10	Bull Beta Jun 05-Jun10	Bull/Bear Beta Jun 05-Jun10
Bestinfond, FI vs MSCI Europe Small Cap TR EUR	0.30	8.80	2.63	0.86	0.82	0.75	1.10	1.47
Bestinfond, FI vs. Lipper Global Equity EuroZone	0.73	9.63	6.95	0.78	0.98	0.84	1.30	1.54
Bestinfond, FI vs. 40% IGBM - 60% MSCI World EUR	0.72	9.74	7.57	0.78	1.12	1.11	1.37	1.24

Source: Lipper, a Thomson Reuters company

Risk Analysis

Bestinfond showed volatility, measured by the annualized standard deviation, that was slightly higher than that recorded by its Equity Eurozone peers when the whole five-year period was taken into account. However, it was clearly lower than that registered by the most suitable index (the MSCI Small Cap Europe), according to both the R-Squared data (0.86) and the Lipper holdings-based analysis. In the last year the fund enjoyed excellent low relative volatility.

Similarly, the maximum drawdown and value at risk (VAR) data showed a historical absolute risk that was higher than average for Equity Eurozone funds but far lower than the average for small-cap funds. The VAR figures pointed at potential monthly losses of 13.12% and annual losses of 60.85%, with levels of confidence of 99% and 95%, respectively.

Table 3 Risk Analysis, One-Year Periods, June 2005-June 2010

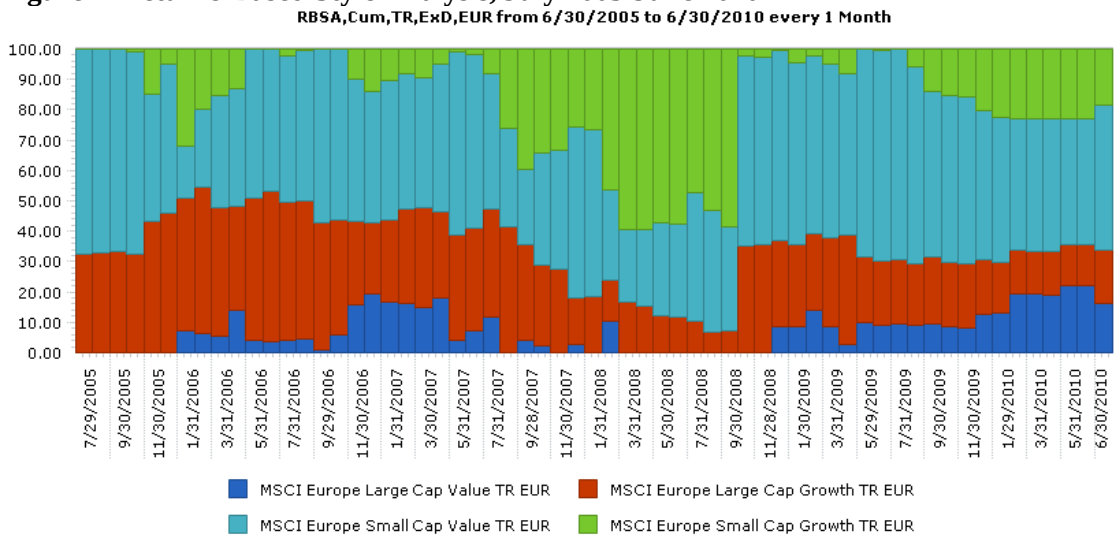
	Std Dev Jun 09 - Jun 10	Std Dev Jun 07 - Jun 10	Std Dev Jun 05 - Jun 10	Max Drawdown Jun 05 - Jun 10	VaR 99% Jun 05 - Jun 10	VaR 95% Jun 05 - Jun 10
40% IGBM - 60% MSCI World	15.045	18.6379	15.9155	-50.9039	-10.7199	-46.1425
Bestinfond, FI	**15.3631**	**24.8746**	**20.4649**	**-55.3862**	**-13.1237**	**-60.8478**
LGC 2005 Equity EuroZone	16.966	21.4167	18.0153	-53.6753	-12.1	-48.7989
MSCI Europe Small Cap TR EUR	17.6462	26.9972	22.6181	-62.2199	-14.7494	-71.6092

Source: Lipper, a Thomson Reuters company

Returns-Based Style Analysis

We performed a returns-based style analysis with the goal of assessing the fund's investment style and its evolution during the period. To this effect we used the MSCI Europe style range of indices, which we believe are suitable for the study. We found that for the five-year period nearly half of the returns were associated with the small-cap value index, followed by the large-cap growth index (20%). The monthly rolling period analysis did not show large style shifts across the last five years, except for the first half of the year 2008 when the large-cap growth style took some prominence. The graph below shows that evolution.

Figure 1 Returns-Based Style Analysis, July 2005-June 2010



Source: Lipper, a Thomson Reuters company

Expense Analysis

The annual TERs of **Bestinfond** (broken down by expense type) since 2005 can be seen in the table below. The TER values stayed fairly stable around the 1.80% mark during the period. There was a significant increase recorded from 2005 to 2006 as the fund changed investment policy from Equity Spain to Equity Eurozone around the middle of 2005. However, Lipper estimates that if the new management fee had been charged throughout 2005, the TER that year would have been 1.82%.

Table 4 Bestinfond TER (Broken Down by Expense Type), 2005-2009

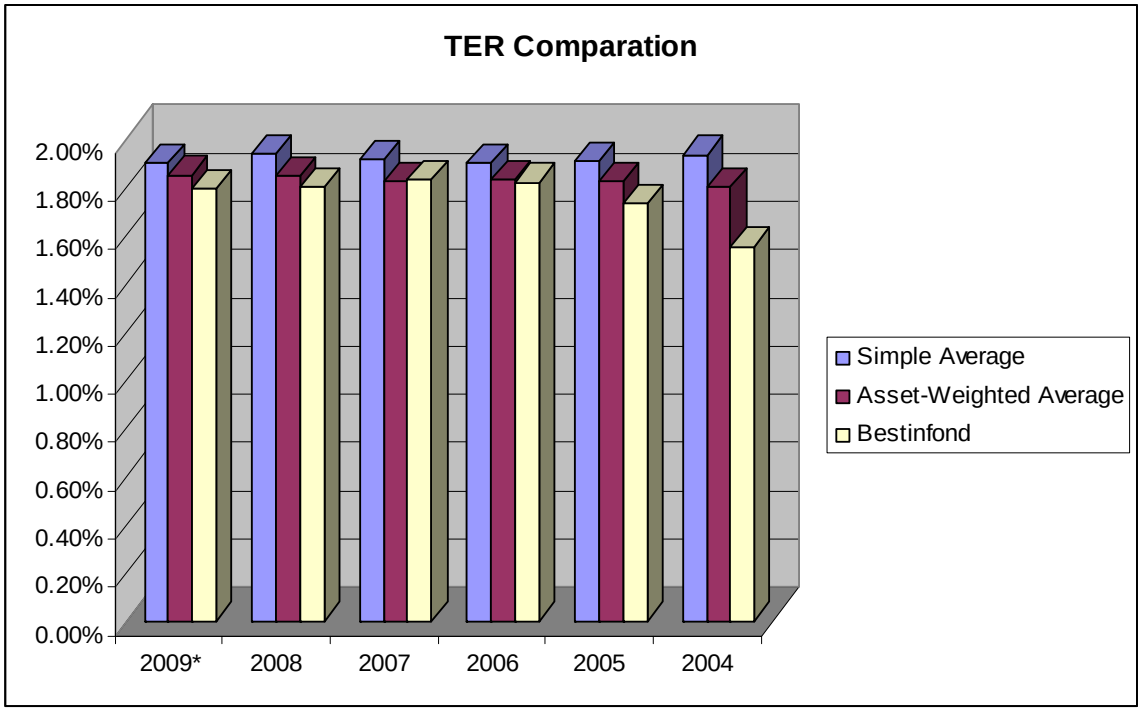
ReportDate	TER%	Mgmt%	Custody%	Other%	ClosingNetAssets
31-Dec-05	*1.73%*	*1.66%*	*0.05%*	*0.02%*	*394,700,000*
31-Dec-06	*1.82%*	*1.75%*	*0.05%*	*0.02%*	*929,028,000*
31-Dec-07	*1.83%*	*1.75%*	*0.05%*	*0.03%*	*1,344,939,000*
31-Dec-08	*1.80%*	*1.75%*	*0.05%*	*0.00%*	*570,816,055*
31-Dec-09	*1.79%*	*1.75%*	*0.04%*	*0.00%*	*878,929,071*

Source: Lipper, a Thomson Reuters company

The comparison between the TERs for **Bestinfond** and the simple average for the Equity Europe and Equity Eurozone categories (for all funds registered for sale in Spain) showed that the fund had total charges around 10 basis points less throughout the five-year period. However, when an asset-weighted average (to incorporate the effects of economies of scale) for the category was

calculated the TERs were closer. For the last year (2009) the TER for **Bestinfond** was still six basis points lower than the asset-weighted average for the category.

Table 5 Bestinfond Versus Equity Eurozone & Europe Sector TERs, 2004-2009



Bestinfond does not command performance or subscription fees, although it charges **a redemption fee** of 3% within the first 12 months from purchase. (Only 4% of funds in this category charge a redemption fee.) The fee, according to the fund management company, has no commercial interests and only tries to dissuade any speculative investments that could harm the long-term timeframe of the fund and its investors.

Portfolio turnover for **Bestinfond** can be reviewed in the table below. The turnover data are provided according to three different methodologies: one just sums purchases and sales, another one subtracts from them subscriptions and redemptions (CNMV/European Commission), and the Lipper one* uses the lesser of purchases and sales, divided by the average assets. Portfolio turnover data could be considered a bit high for a value and long-term style equity fund.** The fund management company justifies that this is due to adjustments in the weightings of the stocks in the portfolio, since the management company is constantly recycling the portfolio. However, the management company states that the real portfolio turnover is 25% (average holdings period of four years). (It is not in the scope of this report to assess if the higher portfolio turnover adds or subtracts value, given the higher brokerage costs. A detailed transaction-based holdings analysis and estimation of trading costs would be required. However, the low portfolio rotation by name was validated in the holdings (statements) performance attribution analysis performed for this report.)

Table 6 Portfolio Turnover, 2005-2009

Year	Turnover P-S (%)	Turnover EC (%)	Turnover Lipper (%)
2009	*91*	*48*	*44*
2008	*127*	*63*	*51*
2007	*195*	*116*	*79*
2006	*150*	*63*	*52*
2005	*191*	*111*	*70*

Source: Lipper, a Thomson Reuters company

Brokerage costs were on average around 0.12% for domestic stocks and 0.20% for international stocks. Around 30% of the Spanish stock orders were diverted through the asset manager brokerage firm, while the remaining domestic orders and all of the international stock orders were carried out through different brokers. **Bestinfond**'s average exposure to Spanish stocks over the last year was just under 20%, so only around 6% of orders were diverted through the company's own broker.

Performance & Risk Attribution (Holdings-Based)

We analyzed **Bestinfond**´s quarterly holdings for the five years from June 2005 through June 2010. The analysis was based on the holdings statements at the end of each quarter. Given the low rotation (by name) of the fund's portfolio, we believe the analysis is valuable. The research focuses on the allocation and stock selection ability of the manager for the equity portfolio, excluding the cash holdings. (The fund does not pursue any derivatives strategies and does not take any short positions.)

The analysis was performed against two indices: MSCI Small Cap Europe and MSCI Euro. The first was selected based on the holdings-based classification computed and maintained by Lipper. The second index was consistent with the investment policy contained in the fund prospectus and its Lipper Global Classification (LGC) sector.

Over the five-year period (ended June 30, 2010) the equity portfolio of **Bestinfond** posted a significant cumulative outperformance of 30.43 percentage points against the small-cap index; while the MSCI Small Cap Euro recorded a 13.75% return, **Bestinfond**'s stock portfolio managed a 44.18% gain. The compounded selection effect amounted to 34.38 percentage points, while the total allocation effect posted a negative attribution of 3.95 percentage points. These figures point to the outstanding stock selection ability of the manager, while the allocation in terms of countries subtracted value.

Table 7 Bestinfond Versus MSCI Small Cap Dev Europe, June 30, 2005-June 30, 2010

Base Currency: Euro

Returns	
Portfolio Return	44.18
Benchmark Return	13.75
Total Active Return	30.43
Attribution	
Allocation Effect	-3.95
Selection Effect	34.38
Total Effect	30.43

Source: Lipper, a Thomson Reuters company

The stock selection was the most successful in the Netherlands, Portugal, and Spain, compared to the relevant composition in the MSCI Small Cap Europe index. The active returns generated in those three countries for the whole period were 109.25%, 64.60%, and 49.11%, respectively. On the contrary, in two European countries the stock selection generated negative active returns: minus 69.22% in the U.K. and minus 6.91% in Belgium. Given the high average portfolio weighting to Spain (25.37%), the selection effect in that country was the highest at 11.16%, followed by Netherlands (+7.52%) and Switzerland (+7.07%). On the other hand, the bottom selection effects were generated in the U.K. and Belgium.

Table 8 Stock Selection Effect

Selection Effect			
Sector Name	Avg Port Wt	Active Return	Select Effect
Top Contributors			
Spain	25.37	49.11	11.16
Netherlands	7.02	109.25	7.52
Switzerland	14.88	29.82	7.07
Italy	8.04	31.52	4.45
Portugal	3.56	64.60	2.76
Bottom Contributors			
U.K.	4.54	-69.22	-5.16
Belgium	4.69	-6.91	-0.18
Canada	0.29	124.96	0.00
China	0.00	25.91	0.00
Brazil	1.00	239.35	0.00

Source: Lipper, a Thomson Reuters company

The allocation effects in terms of countries showed Switzerland, Brazil, and the U.K. as the top contributors, with 6.37%, 3.51%, and 2.35%, respectively. While in Switzerland this was due to an active overweighting to the country (7.35%) and also a positive relative return (+45.37%), in the U.K. instance the relative return was negative (-8.75%) and only the large active underweighted position (-27.64%) in the country led to the positive contribution. The active overweighting to Spain, the USA, and Italy, combined with their negative relative returns, resulted in those three countries posting the largest negative allocation effects.

Table 9 Allocation Effect, Countries

Allocation Effect			
Sector Name	Active Weight	Relative Return	Alloc Effect
Top Contributors			
Switzerland	7.35	45.37	6.37
Brazil	1.00	225.59	3.51
U.K.	-27.64	-8.75	2.35
Netherlands	2.05	17.05	0.72
Denmark	-3.27	-26.41	0.69
Bottom Contributors			
Spain	21.97	-30.95	-5.16
U.S.A.	3.73	-48.79	-4.16
Italy	2.27	-40.95	-3.07
Sweden	-6.63	15.14	-1.62
Norway	-4.50	16.21	-1.38

Source: Lipper, a Thomson Reuters company

The allocation effect in terms of industries showed a slight total positive contribution of 3.86%. Metals and chemicals were the top positive contributors, while media and energy were the two bottom contributors. On the stock selection front outstanding active returns of 209.55% and 704.67%, respectively, were generated within the chemicals and trading & distribution sectors.

Table 10 Allocation Effect, Industries

Allocation Effect			
Sector Name	Active Weight	Relative Return	Alloc Effect
Top Contributors			
Metals & Mining	1.45	122.13	3.98
Chemicals	5.93	70.38	2.82
Bottom Contributors			
Media	5.10	-63.45	-4.94
Energy Equip & Services	-2.85	106.34	-3.13

Source: Lipper, a Thomson Reuters company

When the benchmark was the MSCI Euro the performance attribution analysis showed a larger outperformance of 43.96 percentage points for the five-year period. Thus, while the MSCI Euro posted a return of just 0.22%, the **Bestinfond** equity portfolio managed a 44.18% gain. On this occasion both the selection and allocation (by country) effects recorded positive contributions of 25.30% and 18.67%, respectively.

Table 11 Bestinfond Versus MSCI Euro, June 30, 2005-June 30, 2010

Base Currency: Euro	
Returns	
Portfolio Return	44.18
Benchmark Return	0.22
Total Active Return	43.96
Attribution	
Allocation Effect	11.72
Selection Effect	32.24
Total Effect	43.96

Regarding **stock selection** the largest positive selection effects were achieved in the equities of the Netherlands and Switzerland, contributing 9.08% and 8.88%, respectively, to the portfolio. The largest active returns were also achieved in those two European markets, with outstanding performances of 135.71% and 123.94%, respectively. The active return generated in Italy was also outstanding at 71.30%. On the other hand, the U.K. and Germany recorded negative active returns, showing that stock selection within the larger-cap segment for these two countries did not add value, since the selection effects were negative.

Table 12 Bestinfond Versus MSCI Euro, June 30, 2005-June 30, 2010

Base Currency: Euro			
Selection Effect			
Sector Name	Avg Port Wt	Active Return	Select Effect
Top Contributors			
Netherlands	7.02	135.71	9.08
Switzerland	14.88	123.94	8.88
France	11.82	46.15	4.75
Italy	8.04	34.32	4.53
Belgium	4.69	71.30	3.21
Bottom Contributors			
U.K.	4.54	-113.16	-7.77
Germany	10.46	-1.46	-0.13

Source: Lipper, a Thomson Reuters company

The breakdown of the total positive **allocation effects by country** reveals that Switzerland and Spain were the largest positive contributors, with 6.84% and 4.04%, respectively. The clear average overweighting in those countries and their positive relative return within the MSCI Euro index combined to place them at the top. On the other hand, Germany was the largest negative contributor, with a total allocation effect of minus 4.13%; a heavy underweighting in the country (-14.44%) combined with a positive relative return took a toll.

Historical attribution analysis showed some trends in the fund's portfolio. A gradually decreasing average allocation to Spanish stocks was apparent, more than halving since 2005. At the start of the period (June 2005) the aggregate allocation to Spanish stocks stood at 48.67%, moving down until it pierced the 20% mark in third quarter 2009 and stayed below since. On the other hand, the allocation to other European countries gradually rose, with the most dramatic increases to Italian, Portuguese, and Swiss equities and to a lesser extent to German and U.K. stocks. Outside Europe the allocations consistently were fairly low, with U.S. stocks taking the

largest share. On the sector allocation side the trends were not so marked. It is worth highlighting the decreasing allocation trend to the food and insurance sectors and the increasing allocation to industrial conglomerates, while banks and other financials always enjoyed token weights.

The **analysis of historical subperiod (quarterly) returns** does not show any particular concentration of periods of over- or underperformance. However, second quarter 2009 (the start of the last stock market rise) did record the largest excess returns by far against both the MSCI Small Cap Europe and the MSCI Euro indices. Against the large-cap index the excess performance extended for every quarter since. On the negative side we note the large underperformance against the MSCI Euro in last quarter 2007, although this probably reflected to a great extent the small-cap bias of the fund.

Table 13 Bestinfond Versus MSCI Small Cap Dev Europe and MSCI Euro, June 30, 2005-June 30, 2010

Bestinfond vs. MSCI Small Cap Dev Europe			
Base Currency: Euro			
Subperiod Returns			
Start Date	Port Return	Bmrk Return	Active Return
6/30/2005	13.34	12.66	0.68
9/30/2005	1.47	3.78	-2.31
12/31/2005	17.06	15.99	1.07
3/31/2006	-7.79	-5.54	-2.25
6/30/2006	6.14	4.47	1.66
9/30/2006	11.63	13.37	-1.74
12/31/2006	10.28	6.39	3.89
3/31/2007	6.34	4.33	2.01
6/30/2007	-6.95	-10.29	3.34
9/30/2007	-7.96	-7.40	-0.56
12/31/2007	-11.27	-12.35	1.08
3/31/2008	-4.77	-4.87	0.11
6/30/2008	-10.81	-17.00	6.19
9/30/2008	-24.81	-29.86	5.05
12/31/2008	-8.44	-2.33	**-6.11**
3/31/2009	39.20	30.09	**9.12**
6/30/2009	22.61	23.26	-0.65
9/30/2009	6.87	2.30	4.57
12/31/2009	6.86	9.88	-3.01
3/31/2010	-3.48	-4.82	1.34

Bestinfond vs. MSCI Euro			
Base Currency: Euro			
Subperiod Returns			
Start Date	Port Return	Bmrk Return	Active Return
6/30/2005	13.34	7.94	5.40
9/30/2005	1.47	4.83	-3.36
12/31/2005	17.06	9.59	7.47
3/31/2006	-7.79	-3.60	-4.19
6/30/2006	6.14	7.39	-1.25
9/30/2006	11.63	7.16	4.47
12/31/2006	10.28	3.16	7.12
3/31/2007	6.34	9.37	-3.03
6/30/2007	-6.95	-2.00	-4.95
9/30/2007	-7.96	-0.16	**-7.80**
12/31/2007	-11.27	-16.59	5.31
3/31/2008	-4.77	-4.95	0.18
6/30/2008	-10.81	-10.77	-0.04
9/30/2008	-24.81	-20.39	-4.42
12/31/2008	-8.44	-14.06	5.62
3/31/2009	39.20	19.89	**19.31**
6/30/2009	22.61	20.35	**2.26**
9/30/2009	6.87	3.43	**3.45**
12/31/2009	6.86	-0.10	**6.96**
3/31/2010	-3.48	-8.53	**5.05**

The profile of the latest portfolio provides insight regarding some of the characteristics of the fund. The MSCI Small Cap Europe index is taken as reference, since this is the closest match (see R-Squared data above). Regarding style characteristics, **Bestinfond** seems to live up to its value style focus. The fund portfolio's aggregate price-to-earnings ratios, both trailing and forecasted, are lower than those of the benchmark. The same is true for the price-to-book value ratio. However, the dividend yield of **Bestinfond** is slightly lower than that of the MSCI index. Growth characteristics data reveal that earnings-per-share (EPS) forecasted growth for the fund is far lower than that of the index, as might be expected. Interestingly and on the other hand, **Bestinfond**´s historical EPS and average revenue growth data are far higher. Return on equity (historical) for the fund is high at 6.83%, compared to a modest 1.21% for the index.

Table 14 Portfolio Characteristics (Financials and Style), June 30, 2010

	BESTINFOND	MSSDEU
Return on Equity - Annual (Worldscope)	**6.83**	1.21
EPS - Forecast 12-Month IBES	7.32	2.20
EPS - Trailing 12-Month IBES	6.31	1.70
Dividend Per Share Annual (Worldscope)	2.10	0.72
P/E - Adjusted Trailing 12-Month	**17.55**	31.58
P/E - Forecast 12-Month	**12.63**	15.66
Price-to-Book	**1.32**	1.54
Price-to-Cash Flow	**15.51**	14.51
Dividend Yield	**1.80**	2.17
EPS Growth - Forecast 12-Month	**31.19**	52.88
EPS - 1 Year Annual Growth (Worldscope)	16.08	-24.87
EPS - 3 Year Annual Growth (Worldscope)	-17.45	-43.36
Div Per Share - 3 Year Annual Growth (Worldscope)	-12.17	-1.55
Net Sales or Revenue - 3 Year Annual Growth (Worldscope)	0.03	-2.97

Source: Lipper, a Thomson Reuters company

For liquidity and risk one of the highlights is the clearly higher aggregate average market capitalization of the fund versus the index, although the median reading is lower. This would point at some very large or mega caps in the fund's portfolio that bring up the mean. Historical working capital is also higher for the fund. Another highlight is the lower average debt-to-equity ratio. Specifically, the historical total debt-to-equity ratio of **Bestinfond** stands at 1.39 against 1.77 for the index.

Table 15 Portfolio Characteristics (Liquidity and Risk), June 30, 2010

	BESTINFOND	MSSDEU
Market Cap	2,397,136,120.01	1,351,850,201.96
Market Cap - Median	390,785,544.32	528,012,036.38
Market Cap - Weighted Median	1,240,553,010.66	1,260,850,933.81
Working Capital (Worldscope)	150,219,211.01	74,599,213,212.99
Debt-to Equity - Long Term (Worldscope)	1.13	1.14
Total Debt-to-Equity (Worldscope)	1.39	1.77

Source: Lipper, a Thomson Reuters company

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Bestinfond´s Key Reference Data	
Fund Name	Bestinfond, FI
Domicile	Spain
ISIN Code	ES0114673033
Lipper Sector (LGC)	Equity Eurozone
Base Currency	EUR
UCITS	Yes

Notes

[1]The Lipper Holdings-Based Classification is based on the worldwide holdings-based fund classification methodology developed by Lipper. The methodology follows closely Lipper's U.S. Diversified Equity (USDE) fund classification model, predicated on portfolio practice, which has proven immeasurably helpful to the investment community since its introduction in September 1999.

*Lipper's portfolio turnover methodology is long-established, easy to understand, and has been used in the U.S. for many years. It differs from the methodology suggested by the CNMV/ European Commission, where the resulting figures are higher than those obtained using the SEC's approach. As a guide, a portfolio turnover level of 25% indicates a holding period of four years, 50% two years, 100% one year, and 200% indicates a holding period of six months.

**A Lipper report published in 2008 on U.K. funds calculates that the average portfolio turnover for an actively managed equity fund is 56.6%, suggesting a typical holdings period for stocks of just less than two years.

Fund data analyst Alejandro Pérez contributed to the development of this report.