QUARTERLY NEWSLETTER

TO OUR INVESTORS

THIRD QUARTER 2024

BESTINVER acciona

BESTINVER Madrid

Mark Giacopazzi, CIO - Chief Investment Officer of BESTINVER

Dear Investor,

The third quarter of the year was a volatile period for equities. In a market totally obsessed with the short term, changes in macroeconomic expectations have been constant, causing major fluctuations in the world's main stock markets. Our funds have taken advantage of these variations without hesitation. BESTINVER's long-term strategy, based on fundamental analysis and valuation, has been key to taking advantage of market uncertainty and acquiring good businesses at good prices for our portfolios.

During the quarter, stock markets have switched sharply from indecision to concern and from concern to optimism. After a few months in which the market did not seem to lean towards any particular scenario, the publication of weak US unemployment data and overly cautious comments by the US central bank triggered a sudden slide in indices in August. In addition to being sudden, this setback was also brief since a rate cut by the Federal Reserve and the announcement of an impressive stimulus plan in China sufficed for it to be overcome in just a few weeks. Despite these ups and downs, markets again ended the quarter in positive territory.

Setting the noise aside, there are various reasons that explain the stock market recovery. The main reason is the continued strength of the US economy, with estimated quarterly growth rates of 3%. In addition, this strength is accompanied by inflationary pressures that are under control, leaving central banks free to restart the expected cycle of rate cuts. Finally, business activity in China —which was the last great unresolved issue in the post-Covid normalisation process— is about to receive an extraordinary boost. If its success is confirmed, it could strengthen global growth and reactivate business activity in countries that are most dependent on the Asian giant, such as those in northern Europe.

In this scenario, our funds have maintained the gains achieved in previous quarters and several of them have posted double-digit returns for the year. Our flagship companies, Bestinver Internacional and Bestinfond, have achieved cumulative returns of 11.21% and 10.77%, respectively, and their net asset values are close to record levels. Bestinver North America, continues with its excellent run of results and is up 17.66% for the year and 40% since it was launched. Among the fixed income funds, Bestinver Renta should be highlighted, which after a record quarterly gain of 4.2%, increased its return to 7.30% for the year. Overall, our funds are performing in line with what we expected at the beginning of 2024.

There are two reasons for this good performance: the progress achieved by our companies, and the diversified and balanced structure of the portfolios. Regarding the former, BESTINVER's strategy is clear: investing in companies with fundamentals so strong that they can generate value in most potential macro scenarios. They must necessarily sell everyday essentials, be profitable, be well-run and hold leading positions in their sectors, with extraordinarily strong balance sheets.

Companies with these characteristics have sufficient resources to invest in growth, remunerate their shareholders and emerge stronger from crises. Therefore, when purchased at good prices, they are able to generate high returns for their shareholders without depending on a specific macroeconomic scenario. This differentiating feature of BESTINVER's strategy has provided important support throughout the quarter.

We have also benefited from the structure of our portfolios in this period. For us, diversification means combining companies with different and complementary profiles in a single fund. In other words, diversifying involves combining businesses whose profits move at different rates over the economic cycle. We thus ensure that a significant portion of each portfolio is always generating value for our funds.

In addition, it is also important to balance the weighting of each position to extract the maximum potential from the whole and to ensure that any individual loss is easily covered by the rest of the fund.

Only if both attributes are combined can we construct portfolios in which the sum of all their positions is of greater value than each of their individual parts. This feature of our strategy has been particularly relevant in a highly volatile quarter such as the one just ended.

Looking ahead to the coming years, we expect our funds to continue to perform strongly. In addition to a positive equity environment, their portfolios will continue to benefit from businesses that are better than average and valuations that are more attractive than average. On the other hand, their diversified and balanced structure will continue to provide solid support, capable of growing capital in periods of expansion and protecting it in times of crisis.

This is not to say that the future will move in a straight and continuous upward line. On the contrary, we are convinced that, as has always been the case in stock market history, from time to time there will be episodes of nervousness, volatility and slumps. Episodes such as the one occurring during the third quarter of 2024 will give us the opportunity to buy good businesses at good prices and continue to accumulate value in our portfolios.

Thank you again for placing your trust in us.

Yours sincerely,

Mark Giacopazzi

BESTINVER in figures

46,000 investors trust us	**We manage EUR 6,599 million**	**Independence: Acciona Group**	**We have been endorsed by various awards in recent years**

Data at 30/09/2024. Source: BESTINVER

Investment Funds

BESTINVER Barcelona

Bestinfond

Investment fund aimed at investors with a long-term time horizon (over five years). The fund invests up to 100% in global equities, with European listed companies being the most highly represented in the portfolio. The fund's objective is to achieve long-term performance by selecting attractive, well-managed businesses with high growth potential. The fund is managed based on the three cornerstones of our investment philosophy: our own fundamental analysis, appropriate risk management and a time horizon shared by investors and managers.

MANAGEMENT TEAM

Tomás Pintó
Head of International Equities

Jorge Fuentes
International Equities Manager

ANNUAL RETURNS TABLE

	2024 (1)	2023	2022	2021	2020	2019
Bestinfond	10.76%	25.27%	-16.98%	13.70%	-3.83%	20.81%

ANNUALISED RETURNS TABLE

	1 year	3 years	5 years	10 years	15 years	Launch
Bestinfond (2)	17.62%	4.76%	6.63%	6.38%	8.12%	12.80%

Data at 30/09/2024
Past performance is no guarantee of future performance.

(1) Return 01/01/2024 to 30/09/2024
(2) Launch date: 13/01/1993

TOP POSITIONS

	% OF PORTFOLIO
PHILIPS ELECTRONICS NV	2.87%
BERKSHIRE HATHAWAY INC-CL B	2.71%
META PLATFORMS INC-CLASS A	2.62%
RECKITT BENCKISER GROUP PLC	2.59%
SHELL PLC	2.59%

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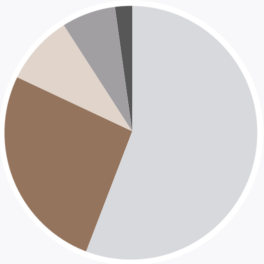
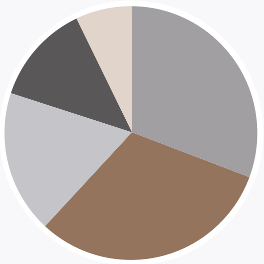
PORTFOLIO DISTRIBUTION

Geographical distribution



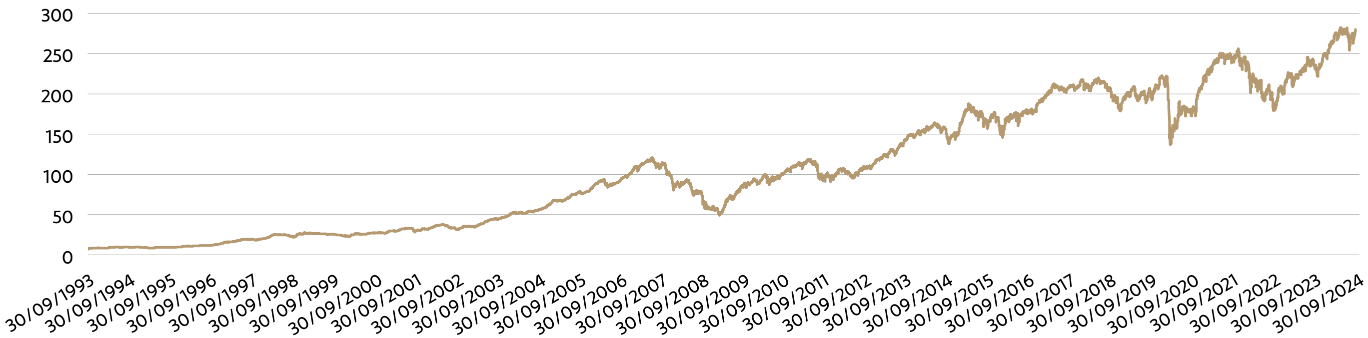
Europe	56%	Liquidity	7%
US	26%	Rest of the world	2%
Iberia	9%		

Sectoral distribution



Industrial	31%	Financial	13%
Consumer	31%	Liquidity	7%
Communication & Technology	18%		

FLUCTUATIONS IN NET ASSET VALUE (€)



Day close data: 30/09/2024. Source: BESTINVER. Periods exceeding 1 year at annualised rate. Launch date: 13/01/1993.

RISKS ASSOCIATED WITH THE INVESTMENT

Bestinfond is an equity investment fund and as such mainly involves the following risks: market risk, currency risk, country risk, concentration risk and inflation risk.

Detailed information on the risks associated with the investments can be found at the end of this document.

Past performance is no guarantee of future performance.

The fund's full prospectus, regular reports and KIID can be found on the following websites www.bestinver.es and www.cnmv.es

< GO TO CIO'S STATEMENT

Dear Investor,

Bestinfond ended the quarter with growth of 0.9%, bringing its cumulative annual return for the year to date to 10.77%.

This has been a very volatile summer for the world's major stock markets. The instability is explained by the obsession of a large part of the market with the short-term trajectory of interest rates, but also by the tactical positioning of numerous investors that do not use fundamental analysis and valuation as tools to make a profit in the markets.

The portfolio has managed to navigate these turbulences relatively successfully. Its good performance in a less favourable environment highlights a strategy based on balance, respect for valuations and appropriate risk management. In our opinion, these factors are indispensable to take advantage of the excellent opportunities offered by a market that lacks a future outlook, projects the recent past without questioning its sustainability and in which the proliferation of thematic investments through ETFs has opened up a sea of opportunities for value investors.

Sell in May and (don't) go away

Turbulent summers are not unusual in the stock market —the same can be said of any season— but in recent times it seems that high temperatures have fuelled market volatility[1].

Last year our fund lost 10% in August due to the (unfounded) fear that inflation was not slowing at the desired rate and therefore new interest rate hikes would be necessary. A year earlier, the (also unfounded) fear of a recession that seemed inevitable caused double-digit portfolio declines from June to September. It seems that the old stock market saying "sell in May and go away"[2] is more relevant than ever.

The problem with unwinding positions in the spring and forgetting about them is that you don't know when to buy again. Any unitholder who sold Bestinfond last summer would have missed out on a 20% appreciation in the last twelve months (or more than 40% in the last two years). If we want to apply aphorisms to our investment strategy, Warren Buffett is still the oracle to be followed and we must not forget that the best investor in history described the stock market as "a device that transfers money from the pockets of the impatient to the pockets of the patient".

(1) To gain an idea of the market madness we have been experiencing this summer, on Monday, August 5th, the Japanese stock market recorded its worst fall since 1987 after Japan's central bank announced a 25 basis points increase in interest rates. A historic slump of 12%, in addition to the 6% lost on the Friday after worse than expected US employment data (creation of 112,000 jobs vs. 179,000 jobs estimated by the consensus). That morning, with European stock markets and US futures falling by more than 5%, the VIX volatility index —also called the "fear index"— soared to its third-highest reading in history, just a few points below the levels reached during the worst moments of the 2008 financial crisis and the start of the Covid-19 pandemic in 2020. Anyway...

(2) The expression originated in London's financial district in the 18th century. Originally the phrase was "sell in May and go away, come back on St. Leger's Day", the date of one of England's best-known horse races held every year at Doncaster Racecourse in South Yorkshire. In its original context, the adage recommended that the British aristocrats and bankers of the time should sell their shares in May, relax and enjoy the summer months while escaping from the London heat, and return to the stock market in autumn after the St Leger Stakes.

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More solvency and growth at a discount

The current market dynamics are excellent news for Bestinfond unitholders. Why do we say this? Because as you will have heard us say many times, in our work volatility means opportunity.

This investment team works tirelessly to find good companies managed by top professionals that trade at a significant discount to the value of their businesses. There are many factors that might explain the differences between a company's value and its stock market price at a given time. In recent times, two of them that have been recurring constantly. On the one hand, the market's obsessive fixation with the economic situation. On the other, the proliferation of ETFs created ad hoc by investment banks and fund management hypermarkets[3] which are used by a large number of "investors" to jump on the bandwagon of a particular fashion. This trend has segmented the market by themes that can be "bet" on in an apparently simple manner: AI (artificial intelligence) winners, high interest rate losers, China stimulus beneficiaries, anti-obesity drug victims, and so on.

Such wagers have little to do with long-term investment in listed companies. They belong to the realm of speculators who do not invest in businesses and people, but make tactical moves based on macroeconomic indicators or other "factors". This dynamic explains many of the stock movements we see every day, which do not rise and fall due to some specific event in the businesses concerned, but because the shares belong to a particular ETF in which investors (or algorithms) operate based on the prevailing market narrative at the time.

We have a portfolio that is well-diversified by geography and sector in which we try to smooth out the high volatility described above. But we should not forget that it is situations such as these that give us the opportunity to buy (or sell) companies whose prices diverge from the true value of their businesses. Our aim is to provide you with a good balance between equilibrium and performance, but we cannot do this in every quarter. As you know, cheap shares are the ones that are not doing well (or are not in the right ETF). Buying them is always uncomfortable because portfolio volatility increases, there is no guarantee that short-term returns will be positive and inexperienced investors may end up selling at the worst possible time. This is the price to be paid for the long-term performance of the fund.

What we should all be clear about is that Bestinfond's performance will not be determined by interest rate developments in the coming months, whether China stimulates its economy or not, or what our companies' results are going to be this quarter or the next. As investors, the question we must ask ourselves is whether the valuations of our portfolio companies offer a large enough safety margin to act as a buffer against a significant macroeconomic downturn. In other words, whether the return we will receive in the long term adequately compensates the risk we take by investing today. That is, whether the operational performance we project for our companies and the valuations at which they are listed are consistent with the good returns that BESTINVER has been able to offer you over the last 36 years.

[3] The volume of assets moved by ETFs in the US market has reached USD 10 trillion (with a "t") so far this year, having increased tenfold in the last decade and, more impressively, doubled in less than four years.

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The answer, in our opinion, is a resounding yes. Bestinfond trades at a 50% discount to the world's major indices, has a financial strength which is unattainable for the average businesses listed on them (our fund has no debt and its net cash represents 12% of its net asset value) and the earnings growth we project for our companies is much higher than what analyst consensus forecasts for the indices over the next few years.

The basic mathematics of long-term investment cannot be changed

A large part of the market believes that making money in the stock market over the long term consists of making recurring short bets on any kind of "event", such as who will win the next US election, what earnings a company will post in the current quarter or what will happen to interest rates at the next US Federal Reserve meeting.

In-depth analysis of businesses, knowledge of the management teams that run these businesses and, of course, the valuation at which they are listed are not ingredients that appear in these traders' recipe books, who see the market as a sort of financial betting shop for making money in a few weeks or months. At BESTINVER, in contrast, we believe that these tools continue to be the basis on which the returns of those of us who save in the long term by investing in listed companies are built.

We say this because the basic mathematics of investing cannot be changed. If the dominant fashions have raised (or lowered) share prices to an extent not justified by business fundamentals, future returns will be better for the shares of undervalued companies and worse for those of overvalued companies. The explanation is very simple. The profitability we obtain as shareholders in a company depends exclusively on two factors: the long-term performance of the business we own and the valuation of its shares. Therefore, our wealth will be determined by the performance of the business from the time of purchase and by the valuation of the share at the time of purchase.

The problem is that we live in a somewhat peculiar stock market world, where nobody questions whether recent business performance is sustainable and where the role of valuation has changed: it has ceased to be a counter-cyclical factor that corrected excesses[4], and has become a pro-cyclical factor that fuels them. Every day we can see how companies' good results are rewarded with gains which, in many cases, expand the valuation of their shares to a point that compromises their future profitability. The opposite is also true. Worse than expected results are punished with a contraction of valuation multiples consistent with what should be excellent future returns (or the permanent operational deterioration of the company in question).

So the flows we see in the markets today have a significant impact on valuations, but valuations do not have a significant impact on flows. How long will this last? We cannot know, but we believe that the current dynamics

[4] Valuation multiples are abbreviations used by investors to estimate the value of a company relative to its financial results. Consider the most famous of all, the P/E ratio, a measure of how much investors are willing to pay for the profits a company generates. It is calculated by dividing its market value (a price that should reflect the present value of the business's expected future profits) by the profits that the company generates today. You don't have to be an expert to realise that the P/E ratio compares a numerator representing the long term with a denominator that reflects only the short term. This myopia or apparent weakness in valuation multiples explains why they tend to move in the opposite direction to companies' earnings cycles. Investors are willing to pay a lower multiple on abnormally high earnings and a higher multiple for cyclically depressed earnings. For example, the average P/E ratio of the stock market over the last 100 years is 15 times. This figure is obtained by averaging the low multiples (10 times) of peak earnings in the business cycle and the high multiples (20 times) of trough earnings in the business cycle.

< GO TO CIO'S STATEMENT

are dangerous for investors who are passively exposed to markets. However, it provides a great opportunity for investors seeking to become owners of good, well-managed businesses and who are also concerned about valuation, i.e. Bestinfond investors.

Portfolio movements

There are companies in Bestinfond's portfolio that have been performing extraordinarily well in the last few quarters. The market has rewarded them with significant appreciations and our safety margin has shrunk. Consequently, so has their portfolio weighting. There are other companies, however, where we are increasing our exposure after their market performance has declined, their valuations have contracted and their shares are discounting a lasting deterioration in their businesses that we do not consider likely.

A good example of the former is once again Meta. The company that owns Instagram is growing at over 20% and continues to show excellent operating leverage. Its operating margins have climbed to 38% (50% in its core business), despite the huge investments it continues to make in AI and Reality Labs.

It seems incredible that just over two years ago, with its shares at USD 90 (versus USD 560 today) after a 70% drop in barely eight months, Mark Zuckerberg's company was trading at just over 3 times its 2024 earnings. A historic opportunity offered to us by a market suffering from panic attacks and extreme myopia, and which we were able to seize thanks to our confidence in our analysis and patience, the indispensable element for value and price to converge in the investment world.

A similar case to Meta is that of Rolls Royce. We have reduced its weight in the portfolio despite the fact that its revenues are also growing by 20% and its operating profits by 70%, and cash generation has tripled in the last twelve months. These are fabulous results that have allowed it to restore dividend payments, but which are much better recognised by analyst consensus which, two years ago (when its shares were trading at 70 pence compared to 520 today), was unable to project the sector's recovery after the end of the pandemic, let alone the profitability that Rolls was going to achieve thanks to the profound restructuring carried out by its management team.

A radical change in perception that highlights the short-termism and extreme volatility of this market, which has turned into a sort of angry adolescent incapable of managing its frustration. This is a market that mature investors, with a little more patience and a certain tolerance for adversity, should take advantage of.

But the good news is not only to be found in these two companies that have provided us with such good returns in recent times. Old portfolio acquaintances such as the cement companies Heidelberg and Holcim continue to demonstrate extraordinary pricing capacities that no-one discounted 24 months ago. This has enabled their profits to grow by 5-10% so far this year, despite almost one third of their business being at a standstill in the last year and a half. The reason? High interest rates, which put the brake on residential construction in much of Europe and North America. These financing costs now seem set to fall, after allowing us to increase our weight in the sector (Heidelberg) over the summer.

Finally, we should mention another company in which we have been investing for many years and which continues to achieve an

< GO TO CIO'S STATEMENT

extraordinary operating performance. We are referring to Pandora, the Danish accessible jewellery company which continues to defy the global weakness in the luxury sector with organic sales growth of 15% (8% on a like-for-like basis) and healthy profit forecasts for the remainder of the year. These extraordinary results have continued to be rewarded by the market and we have been able to capitalise on them by reducing its weight in the portfolio in recent months.

But the news is not all rosy. We have also had results that have dragged down the fund's performance over the summer just ended. The brewer Heineken, for instance, which offered very conservative forecasts for the second half of the year despite the 12.5% increase in operating profit during the first six months. The market, impatient on seeing how volumes are not rebounding, has castigated this prudence with falls of over 10% in its shares during the quarter.

The same can be said of car manufacturers, which have lost 10.5% in the case of BMW and a hefty 32% in the case of Stellantis, due to slower-than-expected demand in recent months. The reason? High car prices and/or expensive financing at current interest rates.

The terms of this discussion will probably have changed a year from now (car prices are starting to fall and interest rates should be lower), but the weakness of the Chinese market and excess inventory in the US have caused a decline in margins and cash generation at BMW and Stellantis for 2024 that the market has treated harshly, as if they were permanent. We have taken advantage of these declines to increase our exposure to the sector, which two years ago accounted for close to 7% of the fund (and provided such good returns in 2023) and which at the beginning of the quarter represented less than 3% of the portfolio.

Other notable movements are the increases in our investments in companies such as Reckitt, Jerónimo Martins or the oil company BP, to give a few examples, which have fallen over the summer period even though we have not observed any fundamental deterioration in their businesses. We have funded these purchases by selling our last Samsung shares and reducing the weight of stocks that have shown the best performance to date this year, such as Berkshire, Barclays, Philips or Deutsche Böerse.

Cash generation, optionality and buybacks

Overall, the recent development of our businesses can be described as satisfactory. What we have seen in the results for the first half of the year —and what we foresee for the remainder of the year— is consistent with the growth we projected for the portfolio in terms of revenues (8%), profits (20%) and cash generation (24%).

We must not forget that our companies' solvency is bomb-proof and they are well invested. The continuous capital generation achieved by their assets provides them with outstanding optionality that they can take advantage of, for example, to buy out ailing competitors. This is the case of the deal concluded this summer between Smurfit Kappa and WestRock. A merger (actually a takeover) that will allow the company led by Tony Smurfit to enter the American market at the bottom of the cycle, significantly improve the profitability of WestRock's assets and extract synergies that the market is beginning to acknowledge.

Finally, we would like to emphasise again that two thirds of our portfolio companies continue to buy back their own shares. This is a record in BESTINVER's 36-year history and proof that the managers who run them

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believe, as we do, that their businesses are trading at a significant discount to the market. There is no better example than Harley Davidson, which this summer announced a programme to buy back 20% of its capital over the next two years. If the market has failed to recognise the value of the American motorcycle manufacturer, its management team is clear that the best investment it can make at this time is in its own shares.

Thank you again for placing your trust in us.

Yours sincerely,

The Investment Team.

Date: 30/09/2024. Source: BESTINVER

MAIN MOVEMENTS

Additions

—

Disposals

SAMSUNG

Increases

STELLANTIS
BMW
HEIDELBERG
RECKITT BENCKISER
BP

Reductions

BERKSHIRE HATHAWAY
BARCLAYS
PHILIPS
DEUTSCHE BÖERSE

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Bestinver Internacional

Investment fund aimed at investors with a long-term time horizon (over five years). The fund invests up to 100% in global equities, excluding Iberian equities, with European listed companies being the most highly represented companies in the portfolio. The Fund's objective is to achieve long-term performance by selecting attractive, well-managed businesses with high growth potential. The fund is managed based on the three cornerstones of our investment philosophy: our own fundamental analysis, appropriate risk management and a time horizon shared by investors and managers.

MANAGEMENT TEAM

Tomás Pintó
Head of International Equities

Jorge Fuentes
International Equities Manager

ANNUAL RETURNS TABLE

	2024 [1]	2023	2022	2021	2020	2019
Bestinver Internacional	11.21%	24.62%	-17.85%	14.17%	-1.38%	23.34%

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META PLATFORMS INC-CLASS A	2.90%
SHELL PLC	2.88%
HEIDELBERG MATERIALS AG	2.87%

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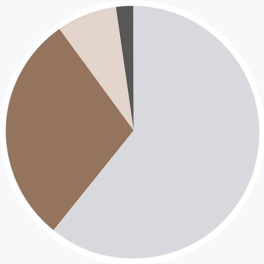
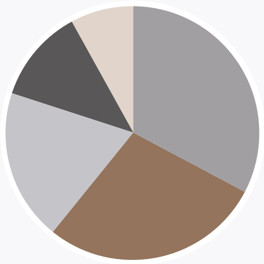
PORTFOLIO DISTRIBUTION

Geographical distribution



- Europe 61%
- Liquidity 8%
- US 29%
- Rest of the world 2%

Sectoral distribution



- Industrial 33%
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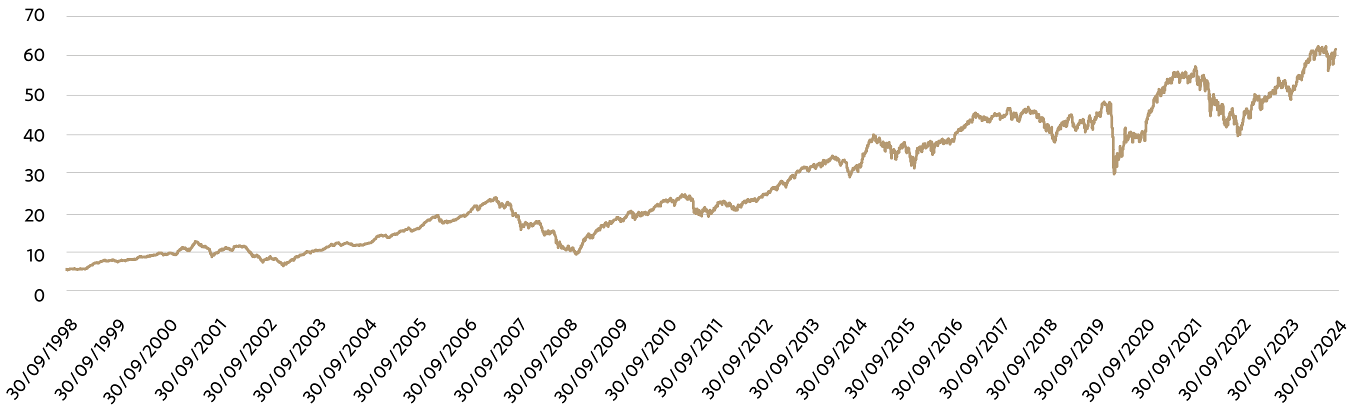
FLUCTUATIONS IN NET ASSET VALUE (€)



Day close data: 30/09/2024. Source: BESTINVER. Periods exceeding 1 year at annualised rate. Launch date: 19/11/1997.

RISKS ASSOCIATED WITH THE INVESTMENT

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Dear Investor,

Bestinver Internacional ended the quarter with growth of 0.1%, bringing its cumulative annual return for the year to date to 11.21%.

This has been a very volatile summer for the world's major stock markets. The instability is explained by the obsession of a large part of the market with the short-term trajectory of interest rates, but also by the tactical positioning of numerous investors that do not use fundamental analysis and valuation as tools to make a profit in the markets.

The portfolio has managed to navigate these turbulences relatively successfully. Its good performance in a less favourable environment highlights a strategy based on balance, respect for valuations and appropriate risk management. In our opinion, these factors are indispensable to take advantage of the excellent opportunities offered by a market that lacks a future outlook, projects the recent past without questioning its sustainability and in which the proliferation of thematic investments through ETFs has opened up a sea of opportunities for value investors.

Sell in May and (don't) go away

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Last year our fund lost 10% in August due to the (unfounded) fear that inflation was not slowing at the desired rate and therefore new interest rate hikes would be necessary. A year earlier, the (also unfounded) fear of a recession that seemed inevitable caused double-digit portfolio declines from June to September. It seems that the old stock market saying "sell in May and go away"[2] is more relevant than ever.

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This investment team works tirelessly to find good companies managed by top professionals that trade at a significant discount to the value of their businesses. There are many factors that might explain the differences between a company's value and its stock market price at a given time. In recent times, two of them that have been recurring constantly. On the one hand, the market's obsessive fixation with the economic situation. On the other, the proliferation of ETFs created ad hoc by investment banks and fund management hypermarkets[3], which are used by a large number of "investors" to jump on the bandwagon of a particular fashion. This trend has segmented the market by themes that can be "bet" on in an apparently simple manner: AI (artificial intelligence) winners, high interest rate losers, China stimulus beneficiaries, anti-obesity drug victims, and so on.

Such wagers have little to do with long-term investment in listed companies. They belong to the realm of speculators who do not invest in businesses and people, but make tactical moves based on macroeconomic indicators or other "factors". This dynamic explains many of the stock movements we see every day, which do not rise and fall due to some specific event in the businesses concerned, but because the shares belong to a particular ETF in which investors (or algorithms) operate based on the prevailing market narrative at the time.

We have a portfolio that is well-diversified by geography and sector in which we try to smooth out the high volatility described above. But we should not forget that it is situations such as these that give us the opportunity to buy (or sell) companies whose prices diverge from the true value of their businesses. Our aim is to provide you with a good balance between equilibrium and performance, but we cannot do this in every quarter. As you know, cheap shares are the ones that are not doing well (or are not in the right ETF). Buying them is always uncomfortable because portfolio volatility increases, there is no guarantee that short-term returns will be positive and inexperienced investors may end up selling at the worst possible time. This is the price to be paid for the long-term performance of the fund.

What we should all be clear about is that Bestinfond's performance will not be determined by interest rate developments in the coming months, whether China stimulates its economy or not, or what our companies' results are going to be this or the following quarter. As investors, the question we must ask ourselves is whether the valuations of our portfolio companies offer a large enough safety margin to act as a buffer against a significant macroeconomic downturn. In other words, whether the return we will receive in the long term adequately compensates for the risk we take by investing now. That is, whether the operational performance we

(3) The volume of assets moved by ETFs in the US market has reached USD 10 trillion (with a "t") so far this year, having increased tenfold in the last decade and, more impressively, doubled in less than four years.

< GO TO CIO'S STATEMENT

project for our companies and the valuations at which they are listed are consistent with the good returns that BESTINVER has been able to offer you over the last 36 years.

The answer, in our opinion, is a resounding yes. Bestinver Internacional trades at a 50% discount to the world's major indices, has a financial strength which is unattainable for the average businesses listed on them (our fund has no debt and its net cash represents 12% of its net asset value) and the earnings growth we project for our companies is much higher than what analyst consensus forecasts for the indices over the next few years.

The basic mathematics of long-term investment cannot be changed

A large part of the market believes that making money in the stock market over the long term consists of making recurring short bets on any kind of "event", such as who will win the next US election, what earnings a company will post in the current quarter or what will happen to interest rates at the next US Federal Reserve meeting.

In-depth analysis of businesses, knowledge of the management teams that run these businesses and, of course, the valuation at which they are listed are not ingredients that appear in these traders' recipe books, who see the market as a sort of financial betting shop for making money in a few weeks or months. At BESTINVER, in contrast, we believe that these tools continue to be the basis on which the returns of those of us who save in the long term by investing in listed companies are built.

We say this because the basic mathematics of investing cannot be changed. If the dominant fashions have raised (or lowered) share prices to an extent not justified by business fundamentals, future returns will be better for the shares of undervalued companies and worse for those of overvalued companies. The explanation is very simple. The profitability we obtain as shareholders in a company depends exclusively on two factors: the long-term performance of the business we own and the valuation of its shares. Therefore, our wealth will be determined by the performance of the business from the time of purchase and by the valuation of the share at the time of purchase.

The problem is that we live in a somewhat peculiar stock market world, where nobody questions whether recent business performance is sustainable and where the role of valuation has changed: it has ceased to be a counter-cyclical factor that corrected excesses[4] and has become a pro-cyclical factor that fuels them. Every day we can see how companies' good results are rewarded with gains which, in many cases, expand the valuation of their shares to a point that compromises their future profitability. The opposite is also true. Worse than expected results are punished with a contraction of valuation multiples consistent with what should be excellent future returns (or the permanent operational deterioration of the company in question).

(4) Valuation multiples are abbreviations used by investors to estimate the value of a company relative to its financial results. Consider the most famous of all, the P/E ratio, a measure of how much investors are willing to pay for the profits a company generates. It is calculated by dividing its market value (a price that should reflect the present value of the business's expected future profits) by the profits that the company generates today. You don't have to be an expert to realise that the P/E ratio compares a numerator representing the long term with a denominator that reflects only the short term. This myopia or apparent weakness in valuation multiples explains why they tend to move in the opposite direction to companies' earnings cycles. Investors are willing to pay a lower multiple on abnormally high earnings and a higher multiple for cyclically depressed earnings. For example, the average P/E ratio of the stock market over the last 100 years is 15 times. This figure is obtained by averaging the low multiples (10 times) of peak earnings in the business cycle and the high multiples (20 times) of trough earnings in the business cycle.

< GO TO CIO'S STATEMENT

So the flows we see in the markets today have a significant impact on valuations, but valuations do not have a significant impact on flows. How long will this last? We cannot know, but we believe that the current dynamics are dangerous for investors who are passively exposed to markets. However, it provides a great opportunity for investors seeking to become owners of good, well-managed businesses and who are also concerned about valuation, i.e. Bestinver Internacional investors.

Portfolio movements

There are companies in Bestinver Internacional's portfolio that have been performing extraordinarily well in the last few quarters. The market has rewarded them with significant appreciations and our safety margin has shrunk. Consequently, so has their portfolio weighting. There are other companies, however, where we are increasing our exposure after their market performance has declined, their valuations have contracted and their shares are discounting a lasting deterioration in their businesses that we do not consider likely.

A good example of the former is once again Meta. The company that owns Instagram is growing at over 20% and continues to show excellent operating leverage. Its operating margins have climbed to 38% (50% in its core business), despite the huge investments it continues to make in AI and Reality Labs.

It seems incredible that just over two years ago, with its shares at USD 90 (versus USD 560 today) after a 70% drop in barely eight months, Mark Zuckerberg's company was trading at just over 3 times its 2024 earnings. A historic opportunity offered to us by a market suffering from panic attacks and extreme myopia, and which we were able to seize thanks to our confidence in our analysis and patience, the indispensable element for value and price to converge in the investment world.

A similar case to Meta is that of Rolls Royce. We have reduced its weight in the portfolio despite the fact that its revenues are also growing by 20% and its operating profits by 70%, and cash generation has tripled in the last twelve months. These are fabulous results that have allowed it to restore dividend payments, but which are much better recognised by analyst consensus which, two years ago (when its shares were trading at 70 pence compared to 520 today), was unable to project the sector's recovery after the end of the pandemic, let alone the profitability that Rolls was going to achieve thanks to the profound restructuring carried out by its management team.

A radical change in perception that highlights the short-termism and extreme volatility of this market, which has turned into a sort of angry adolescent incapable of managing its frustration. This is a market that mature investors, with a little more patience and a certain tolerance for adversity, should take advantage of.

But the good news is not only to be found in these two companies that have provided us with such good returns in recent times. Old portfolio acquaintances such as the cement companies Heidelberg and Holcim continue to demonstrate extraordinary pricing capacities that no-one discounted 24 months ago. This has enabled their profits to grow by 5-10% so far this year, despite almost one third of their business being at a standstill in the last year and a half. The reason? High interest rates, which put the brake on residential construction in much of Europe and North America. These financing costs now seem set to fall, after allowing us to increase our weight in the sector (Heidelberg) over the summer.

< GO TO CIO'S STATEMENT

Finally, we should mention another company in which we have been investing for many years and which continues to achieve an extraordinary operating performance. We are referring to Pandora, the Danish accessible jewellery company which continues to defy the global weakness in the luxury sector with organic sales growth of 15% (8% on a like-for-like basis) and healthy profit forecasts for the remainder of the year. These extraordinary results have continued to be rewarded by the market and we have been able to capitalise on them by reducing its weight in the portfolio in recent months.

But the news is not all rosy. We have also had results that have dragged down the fund's performance over the summer just ended. The brewer Heineken, for instance, which offered very conservative forecasts for the second half of the year despite the 12.5% increase in operating profit during the first six months. The market, impatient on seeing how volumes are not rebounding, has castigated this prudence with falls of over 10% in its shares during the quarter.

The same can be said of car manufacturers, which have lost 10.5% in the case of BMW and a hefty 32% in the case of Stellantis, due to slower-than-expected demand in recent months. The reason? High car prices and/or expensive financing at current interest rates.

The terms of this discussion will probably have changed a year from now (car prices are starting to fall and interest rates should be lower), but the weakness of the Chinese market and excess inventory in the US have caused a decline in margins and cash generation at BMW and Stellantis for 2024 that the market has treated harshly, as if they were permanent. We have taken advantage of these declines to increase our exposure to the sector, which two years ago accounted for close to 7% of the fund (and provided such good returns in 2023) and which at the beginning of the quarter represented less than 3% of the portfolio.

Other notable movements are the increases in our investments in companies such as Reckitt or the oil company BP, to give a few examples, which have fallen over the summer period even though we have not observed any fundamental deterioration in their businesses. We have funded these purchases by selling our last Samsung shares and reducing the weight of stocks that have shown the best performance to date this year, such as Berkshire, Barclays, Philips or Deutsche Böerse.

Cash generation, optionality and buybacks

Overall, the recent development of our businesses can be described as satisfactory. What we have seen in the results for the first half of the year —and what we foresee for the remainder of the year— is consistent with the growth we projected for the portfolio in terms of revenues (8%), profits (20%) and cash generation (24%).

We must not forget that our companies' solvency is bomb-proof and they are well invested. The continuous capital generation achieved by their assets provides them with outstanding optionality that they can take advantage of, for example, to buy out ailing competitors. This is the case of the deal concluded this summer between Smurfit Kappa and WestRock. A merger (actually a takeover) that will allow the company led by Tony Smurfit to enter the American market at the bottom of the cycle, significantly improve the profitability of WestRock's assets and extract synergies that the market is beginning to acknowledge.

< GO TO CIO'S STATEMENT

Finally, we would like to emphasise again that two thirds of our portfolio companies continue to buy back their own shares. This is a record in BESTINVER's 36-year history and proof that the managers who run them believe, as we do, that their businesses are trading at a significant discount to the market. There is no better example than Harley Davidson, which this summer announced a programme to buy back 20% of its capital over the next two years. If the market has failed to recognise the value of the American motorcycle manufacturer, its management team is clear that the best investment it can make at this time is in its own shares.

Thank you again for placing your trust in us.

Yours sincerely,

The Investment Team.

Date: 30/09/2024. Source: BESTINVER

MAIN MOVEMENTS

Additions

–

Disposals

SAMSUNG

Increases

STELLANTIS
BMW
HEIDELBERG
RECKITT BENCKISER
BP

Reductions

BERKSHIRE HATHAWAY
BARCLAYS
PHILIPS
DEUTSCHE BÖERSE

< GO TO CIO'S STATEMENT

Bestvalue

Investment fund aimed at investors with a long-term time horizon (over five years). The fund invests up to 85% in global equities and up to 15% in Iberian equities, with European listed companies being the most highly represented in the portfolio. The Fund's objective is to achieve long-term performance by selecting attractive, well-managed businesses with high growth potential. The fund is managed based on the three cornerstones of our investment philosophy: our own fundamental analysis, appropriate risk management and a time horizon shared by investors and managers.

MANAGEMENT TEAM

Tomás Pintó
Head of International Equities

Ricardo Seixas
Head of Iberian Equities

ANNUAL RETURNS TABLE

	2024 (1)	2023	2022	2021	2020	2019
Bestvalue	10.66%	24.69%	-15.74%	14.61%	-4.29%	20.96%

ANNUALISED RETURNS TABLE

	1 year	3 years	5 years	10 years	Launch
Bestvalue (2)	16.68%	5.20%	6.95%	6.46%	7.03%

Data at 30/09/2024
Past performance is no guarantee of future performance.

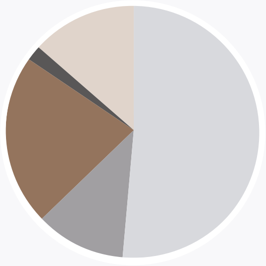
(1) Return 01/01/2024 to 30/09/2024
(2) Launch date: 02/12/2010

TOP POSITIONS

	% OF PORTFOLIO
PHILIPS ELECTRONICS NV	2.59%
BERKSHIRE HATHAWAY INC-CL B	2.45%
META PLATFORMS INC-CLASS A	2.38%
SHELL PLC	2.35%
RECKITT BENCKISER GROUP PLC	2.34%

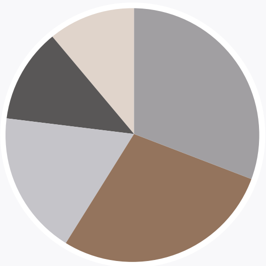
PORTFOLIO DISTRIBUTION

Geographical distribution



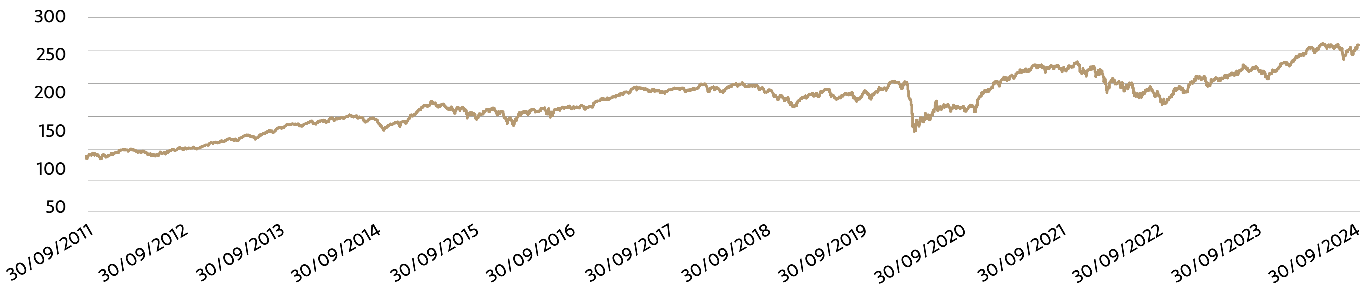
Europe	50%	Rest of the world	2%
Liquidity	11%	Iberia	13%
US	24%		

Sectoral distribution



Industrial	31%	Financial	12%
Consumer	28%	Liquidity	11%
Communication & Technology	18%		

FLUCTUATIONS IN NET ASSET VALUE (€)



Day close data: 30/09/2024. Source: BESTINVER. Periods exceeding 1 year at annualised rate. Launch date: 02/12/2010.

RISKS ASSOCIATED WITH THE INVESTMENT

Bestvalue is an equity investment fund and as such mainly involves the following risks: market risk, currency risk, country risk, concentration risk and inflation risk.

Detailed information on the risks associated with the investments can be found at the end of this document.

Past performance is no guarantee of future performance.

The fund's full prospectus, regular reports and KIID can be found on the following websites www.bestinver.es and www.cnmv.es

Dear Investor,

Bestvalue ended the quarter with growth of 0.9%, bringing its cumulative annual return for the year to date to 10.66%.

This has been a very volatile summer for the world's major stock markets. The instability is explained by the obsession of a large part of the market with the short-term trajectory of interest rates, but also by the tactical positioning of numerous investors that do not use fundamental analysis and valuation as tools to make a profit in the markets.

The portfolio has managed to navigate these turbulences relatively successfully. Its good performance in a less favourable environment highlights a strategy based on balance, respect for valuations and appropriate risk management. In our opinion, these factors are indispensable to take advantage of the excellent opportunities offered by a market that lacks a future outlook, projects the recent past without questioning its sustainability and in which the proliferation of thematic investments through ETFs has opened up a sea of opportunities for value investors.

Sell in May and (don't) go away

Turbulent summers are not unusual in the stock market —the same can be said of any season— but in recent times it seems that high temperatures have fuelled market volatility[1].

Last year our fund lost 10% in August due to the (unfounded) fear that inflation was not slowing at the desired rate and therefore new interest rate hikes would be necessary. A year earlier, the (also unfounded) fear of a recession that seemed inevitable caused double-digit portfolio declines from June to September. It seems that the old stock market saying "sell in May and go away"[2] is more relevant than ever.

The problem with unwinding positions in the spring and forgetting about them is that you don't know when to buy again. Any unitholder who sold Bestvalue last summer would have missed out on a 20% appreciation in the last twelve months (or more than 40% in the last two years). If we want to apply aphorisms to our investment strategy, Warren Buffett is still the oracle to be followed and we must not forget that the best investor in history described the stock market as "a device that transfers money from the pockets of the impatient to the pockets of the patient".

More solvency and growth at a discount

The current market dynamics are excellent news for Bestvalue unitholders. Why do we say this? Because as you will have heard us say many times, in our work volatility means opportunity.

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(1) To gain an idea of the market madness we have been experiencing this summer, on Monday, August 5th, the Japanese stock market recorded its worst fall since 1987 after Japan's central bank announced a 25 basis points increase in interest rates. A historic slump of 12%, in addition to the 6% lost on the Friday after worse than expected US employment data (creation of 112,000 jobs vs. 179,000 jobs estimated by the consensus). That morning, with European stock markets and US futures falling by more than 5%, the VIX volatility index —also called the "fear index"— soared to its third-highest reading in history, just a few points below the levels reached during the worst moments of the 2008 financial crisis and the start of the Covid-19 pandemic in 2020. Anyway...

(2) The expression originated in London's financial district in the 18th century. Originally the phrase was "sell in May and go away, come back on St. Leger's Day", the date of one of England's best-known horse races held every year at Doncaster Racecourse in South Yorkshire. In its original context, the adage recommended that the British aristocrats and bankers of the time should sell their shares in May, relax and enjoy the summer months while escaping from the London heat, and return to the stock market in autumn after the St Leger Stakes.

This investment team works tirelessly to find good companies managed by top professionals that trade at a significant discount to the value of their businesses. There are many factors that might explain the differences between a company's value and its stock market price at a given time. In recent times, two of them that have been recurring constantly. On the one hand, the market's obsessive fixation with the economic situation. On the other, the proliferation of ETFs created ad hoc by investment banks and fund management hypermarkets[3], which are used by a large number of "investors" to jump on the bandwagon of a particular fashion. This trend has segmented the market by themes that can be "bet" on in an apparently simple manner: AI (artificial intelligence) winners, high interest rate losers, China stimulus beneficiaries, anti-obesity drug victims, and so on.

Such wagers have little to do with long-term investment in listed companies. They belong to the realm of speculators who do not invest in businesses and people, but make tactical moves based on macroeconomic indicators or other "factors". This dynamic explains many of the stock movements we see every day, which do not rise and fall due to some specific event in the businesses concerned, but because the shares belong to a particular ETF in which investors (or algorithms) operate based on the prevailing market narrative at the time.

We have a portfolio that is well-diversified by geography and sector in which we try to smooth out the high volatility described above. But we should not forget that it is situations such as these that give us the opportunity to buy (or sell) companies whose prices diverge from the true value of their businesses. Our aim is to provide you with a good balance between equilibrium and performance, but we cannot do this in every quarter. As you know, cheap shares are the ones that are not doing well (or are not in the right ETF). Buying them is always uncomfortable because portfolio volatility increases, there is no guarantee that short-term returns will be positive and inexperienced investors may end up selling at the worst possible time. This is the price to be paid for the long-term performance of the fund.

What we should all be clear about is that Bestvalue's performance will not be determined by interest rate developments in the coming months, whether China stimulates its economy or not, or what our companies' results are going to be this quarter or the next. As investors, the question we must ask ourselves is whether the valuations of our portfolio companies offer a large enough safety margin to act as a buffer against a significant macroeconomic downturn. In other words, whether the return we will receive in the long term adequately compensates the risk we take by investing today. That is, whether the operational performance we project for our companies and the valuations at which they are listed are consistent with the good returns that BESTINVER has been able to offer you over the last 36 years.

The answer, in our opinion, is a resounding yes. Bestvalue trades at a 50% discount to the world's major indices, has a financial strength which is unattainable for the average businesses listed on them (our fund has no debt and its net cash represents 12% of its net asset value) and the earnings growth we project for our companies is much higher than what analyst consensus forecasts for the indices over the next few years.

The basic mathematics of long-term investment cannot be changed

A large part of the market believes that making money in the stock market over the long term consists of making recurring short bets on any kind

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We say this because the basic mathematics of investing cannot be changed. If the dominant fashions have raised (or lowered) share prices to an extent not justified by business fundamentals, future returns will be better for the shares of undervalued companies and worse for those of overvalued companies. The explanation is very simple. The profitability we obtain as shareholders in a company depends exclusively on two factors: the long-term performance of the business we own and the valuation of its shares. Therefore, our wealth will be determined by the performance of the business from the time of purchase and by the valuation of the share at the time of purchase.

The problem is that we live in a somewhat peculiar stock market world, where nobody questions whether recent business performance is sustainable and where the role of valuation has changed: it has ceased to be a counter-cyclical factor that corrected excesses[4] and has become a pro-cyclical factor that fuels them. Every day we can see how companies’ good results are rewarded with gains which, in many cases, expand the valuation of their shares to a point that compromises their future profitability. The opposite is also true. Worse than expected results are punished with a contraction of valuation multiples consistent with what should be excellent future returns (or the permanent operational deterioration of the company in question).

So the flows we see in the markets today have a significant impact on valuations, but valuations do not have a significant impact on flows. How long will this last? We cannot know, but we believe that the current dynamics are dangerous for investors who are passively exposed to markets. However, it provides a great opportunity for investors seeking to become owners of good, well-managed businesses and who are also concerned about valuation, i.e. Bestvalue investors.

Movements in the International portfolio

There are companies in Bestvalue’s portfolio that have been performing extraordinarily well in the last few quarters. The market has rewarded them with significant appreciations and our safety margin has shrunk. Consequently, so has their portfolio weighting. There are other companies, however, where

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we are increasing our exposure after their market performance has declined, their valuations have contracted and their shares are discounting a lasting deterioration in their businesses that we do not consider likely.

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Finally, we should mention another company in which we have been investing for many years and which continues to achieve an extraordinary operating performance. We are referring to Pandora, the Danish accessible jewellery company which continues to defy the global weakness in the luxury sector with organic sales growth of 15% (8% on a like-for-like basis) and healthy profit forecasts for the remainder of the year. These extraordinary results have continued to be rewarded by the market and we have been able to capitalise on them by reducing its weight in the portfolio in recent months.

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The same can be said of car manufacturers, which have lost 10.5% in the case of BMW and a hefty 32% in the case of Stellantis, due to slower-than-expected demand in recent months. The reason? High car prices and/or expensive financing at current interest rates.

The terms of this discussion will probably have changed a year from now (car prices are starting to fall and interest rates should be lower), but the weakness of the Chinese market and excess inventory in the US have caused a decline in margins and cash generation at BMW and Stellantis for 2024 that the market has treated harshly, as if they were permanent. We have taken advantage of these declines to increase our exposure to the sector, which two years ago accounted for close to 7% of the fund (and provided such good returns in 2023) and which at the beginning of the quarter represented less than 3% of the portfolio.

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Cash generation, optionality and buybacks

Overall, the recent development of our businesses can be described as satisfactory. What we have seen in the results for the first half of the year —and what we foresee for the remainder of the year— is consistent with the growth we projected for the portfolio in terms of revenues (8%), profits (20%) and cash generation (24%).

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Finally, we would like to emphasise again that two thirds of our portfolio companies continue to buy back their own shares. This is a record in BESTINVER's 36-year history and proof that the managers who run them believe, as we do, that their businesses are trading at a significant discount to the market. There is no better example than Harley Davidson, which this summer announced a programme to buy back 20% of its capital over the next two years. If the market has failed to recognise the value of the American motorcycle manufacturer, its management team is clear that the best investment it can make at this time is in its own shares.

Movements in the Iberian portfolio

Within the Iberian portfolio we wish to highlight Zegona, a UK listed company, whose only asset is Vodafone Spain. After several difficult years, the UK parent agreed to sell Vodafone Spain to Zegona for EUR 5 billion at the end of last year. According to our analysis, the opportunity at Zegona rests on two pillars: the monetisation of its fixed network and the improved management of Vodafone Spain's business.

Zegona is working on the monetisation of its fixed network, a process from which it could raise between EUR 2 and 3 billion and significantly reduce its leverage. Last summer the company announced agreements with MasOrange and Telefónica to create two separate vehicles through which these operators would contribute assets and customers. The new joint venture with MasOrange would cover around 12 million households and could include the incorporation of new financial investors. Separately, the agreement with Telefónica, although smaller in scope, would include 4 million households. Although these are currently only memoranda of understanding and the known details are limited, we believe that the sector rationale is clear to all parties involved and both operations should be successfully completed during 2025.

Concerning the improvement in operations, we expect that during the initial phase the management team will be able to stem the declining customer figures and stabilise sales. In a second phase, once the business base is stabilised, we estimate that they could double the company's operating cash flow within two to three years. An important factor in this second pillar is the agreement on the recently reached redundancy programme for 900 workers.

We believe that, after a decade of major investments and broadband deployments, the Spanish telecommunications sector has a network that is too fragmented and has too many overlaps, requiring a thorough reorganisation. We believe that an integration of multiple existing networks could generate considerable value for the companies leading it, in terms of both cost synergies and increased occupancy rates. And in that process, we think Zegona could be the principal beneficiary.

Thank you again for placing your trust in us.

Yours sincerely,

The Investment Team.

Date: 30/09/2024. Source: BESTINVER

MAIN MOVEMENTS

Additions

ENDESA

Disposals

BANKINTER
SAMSUNG

Increases

STELLANTIS
BMW
HEIDELBERG
RECKITT BENCKISER
AMADEUS

Reductions

BERKSHIRE HATHAWAY
BARCLAYS
PHILIPS
DEUTSCHE BÖERSE
BANCO SANTANDER

Bestinver Bolsa

Investment fund aimed at investors with a long-term time horizon (over five years). The fund invests up to 100% in Iberian equities (Spain and Portugal). The Fund's objective is to achieve long-term returns by selecting attractive, well-managed businesses with a high growth potential. The fund is managed based on the three cornerstones of our investment philosophy: our own fundamental analysis, appropriate risk management and a time horizon shared by investors and managers.

MANAGEMENT TEAM

Ricardo Seixas
Head of Iberian Equities

Javier Ortiz de Artiñano
Iberian Equities Analyst

León Izuzquiza
Iberian Equities Analyst

Gabriel Megías
Iberian Equities Analyst

ANNUAL RETURNS TABLE

	2024 [1]	2023	2022	2021	2020	2019
Bestinver Bolsa	9.54%	25.62%	-6.43%	16.97%	-14.01%	10.51%

ANNUALISED RETURNS TABLE

	1 year	3 years	5 years	10 years	15 years	Launch
Bestinver Bolsa [2]	15.53%	9.31%	7.29%	4.82%	5.47%	9.47%

Data at 30/09/2024

Past performance is no guarantee of future performance.

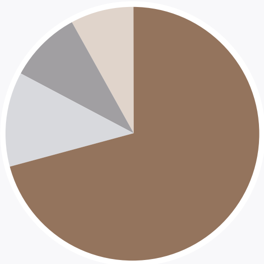
(1) Return 01/01/2024 to 30/09/2024
(2) Launch date: 01/12/1997

TOP POSITIONS

	% OF PORTFOLIO
GRIFOLS SA	6.98%
ZEGONA COMMUNICATIONS PLC	5.46%
AMADEUS IT GROUP SA	5.45%
INDUSTRIA DE DISENO TEXTIL	5.15%
BANCO SANTANDER SA	4.58%

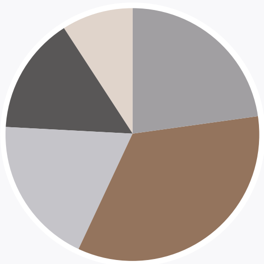
PORTFOLIO DISTRIBUTION

Geographical distribution



Spain	71%	Liquidity	9%
Portugal	12%	Europe	8%

Sectoral distribution



Industrial	23%	Financial	15%
Consumer	34%	Liquidity	9%
Communication & Technology	19%		

FLUCTUATIONS IN NET ASSET VALUE (€)

Day close data: 30/09/2024. Source: BESTINVER. Periods exceeding 1 year at annualised rate. Launch date: 01/12/1997.

RISKS ASSOCIATED WITH THE INVESTMENT

Bestinver Bolsa is an equity investment fund and as such mainly involves the following risks: market risk, currency risk, country risk, concentration risk and inflation risk.
Detailed information on the risks associated with the investments can be found at the end of this document.
Past performance is no guarantee of future performance.
The fund’s full prospectus, regular reports and KIID can be found on the following websites www.bestinver.es and www.cnmv.es

Dear Investor,

The third quarter that has just come to an end has been positive for the stock markets. In an environment where high inflation rates seem to have been overcome, the Federal Reserve and the European Central Bank have started to cut interest rates. Investors' main concerns now centre on the pace of economic growth. Uncertainty and a lack of conviction continue to condition market behaviour. This is illustrated by the volatility episode that hit the markets in August. But it is precisely these episodes that produce the best investment opportunities.

In this quarterly newsletter we wish explain the movements that have taken place in the banking sector and the details of the Zegona case, as they exemplify our strategy and the kind of opportunities that arise in the current environment.

Banking sector

One of the moves we have made in the portfolio this quarter has been to reduce its exposure to the banking sector. Over the past three years this sector has been one of the main drivers of the fund's performance and we think this is the right time to re-channel some of the gains towards other companies that have underperformed. Broadly speaking, the banking sector has doubled the profits it recorded before the Covid-19 pandemic and therefore we believe that its capacity for further growth from this point on is more limited.

Nonetheless, we do not consider it is necessary to sell our entire position in the sector, even at the onset of an anticipated downward rates cycle. Their valuations remain very low and the banking business has mechanisms in place to mitigate the impact of lower interest rates, e.g. by increasing lending activity, which has already been noticeable since the start of the year. We still think, therefore, that they will be able to maintain high profitability levels over the next few years.

Our main position in the sector is Banco Santander. We believe that its geographic diversification provides it with a very attractive defensive profile in the face of an incipient downward interest rate cycle. In addition, its valuation against the rest of the sector still fails to reflect the company's fundamental improvement in recent years. We believe that the bank's strong performance will continue in the medium term, which will help to reduce this discrepancy in its valuation.

Zegona

One sector we have returned to in the last twelve months is the telecommunications sector. This is thanks to Zegona, a stock which, following its substantial appreciation, has become one of our main positions.

Following a decade of major investments and broadband rollouts, the Spanish telecommunications sector has an excessively fragmented and overlapping network that requires a thorough reorganisation. We believe that an integration of multiple existing networks could generate considerable value for the companies leading it, in terms of both cost synergies and increased occupancy rates. And in that process, we think Zegona could be the principal beneficiary.

Zegona is a UK listed company, whose only asset is Vodafone Spain. After several difficult years, the UK parent company agreed to sell Vodafone Spain to Zegona for 5 billion at the end of last year, although the transaction was completed in May due to the terms required for the necessary regulatory approvals. According to our analysis, the opportunity at Zegona rests on two pillars: the monetisation of its fixed network and the improved management of Vodafone Spain's business.

Zegona is working on the monetisation of its fixed network, a process from which it could raise between EUR 2 and 3 billion and significantly reduce its leverage. Last summer the company announced agreements with MasOrange and Telefónica to create two separate vehicles through which these operators would contribute assets and customers. The new joint venture with MasOrange would cover around 12 million households and could include the incorporation of new financial investors. Separately, the agreement with Telefónica, although smaller in scope, would include 4 million households. Although these are currently only memoranda of understanding and the known details are limited, we believe that the sector rationale is clear to all parties involved and both operations should be successfully completed during 2025.

Concerning the improvement in operations, we expect that during the initial phase the management team will be able to stem the declining customer figures and stabilise sales. In a second phase, once the business base is stabilised, we estimate that they could double the company's operating cash flow within two to three years. An important factor in this second pillar is the agreement on the recently reached redundancy programme for 900 workers.

To lead the strategic evolution we have explained, the company has a management team with extensive experience in the Spanish market. Led by Eammon O'Hare, who has been involved in consolidation processes with operators like Telecable and Euskaltel, Zegona has again placed its trust in José Miguel García, one of the Spanish sector's most prominent executives after his time at Jazztel and Euskaltel. We believe that José Miguel will play a key role in restructuring the company, as he has a successful track record in process optimisation and business strategy development. In summary, we know this team well, we have invested with them in the past and we are convinced that they have structured a project with great potential.

Finally, we should not forget the positive impact of potential additional changes in the sector. At the regulatory level, it is worth noting the change in the European Commission, where Teresa Ribera will replace Margrethe Vestager as Commissioner for Competition. The Commission is becoming aware of the need to modernise competition rules and review current merger directives in order to maintain Europe's economic dynamism. Indeed, the new Commission seems to be aligned with the Draghi report, which advocates relaxing competition rules and facilitating consolidations in the telecommunications market. Although these changes will take time to materialise, if confirmed they will hand Zegona a key role in a new consolidation phase in the Spanish market.

Zegona has appreciated close to 100% this year, but we believe it still has considerable potential. Their management team is meeting the targets and deadlines they set at the end of last year and we therefore expect them to be able to continue to generate value for us, their shareholders.

Thank you again for placing your trust in us.

Yours sincerely,

The Investment Team.

Date: 30/09/2024. Source: BESTINVER

MAIN MOVEMENTS

Additions

ENDESA

Disposals

BANKINTER

Increases

AMADEUS

Reductions

BANCO SANTANDER

Bestinver Grandes Compañías

Investment fund aimed at investors with a long-term time horizon (over five years). The fund invests up to 100% in global companies. The fund's objective is to achieve long-term returns by seeking out extraordinary companies with reasonable valuations, based on the investment team's fundamental analysis. We understand extraordinary businesses to be those that combine sound corporate governance with business models that bring lasting competitive advantages. The fund is managed based on the three cornerstones of our investment philosophy: our own fundamental analysis, appropriate risk management and a time horizon shared by investors and managers.

MANAGEMENT TEAM

Tomás Pintó
Head of International Equities

Jorge Fuentes
International Equities Manager

ANNUAL RETURNS TABLE

	2024 (1)	2023	2022	2021	2020	2019
Bestinver Grandes Compañías	8.11%	24.57%	-22.55%	19.52%	12.66%	23.37%

ANNUALISED RETURNS TABLE

	1 year	3 years	5 years	10 years	Launch
Bestinver Grandes Compañías (2)	15.20%	3.11%	8.00%	7.39%	9.04%

Data at 30/09/2024

Past performance is no guarantee of future performance.

(1) Return 01/01/2024 to 30/09/2024

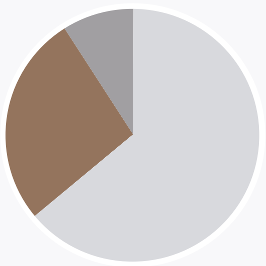
(2) Launch date: 16/12/2011

TOP POSITIONS

	% OF PORTFOLIO
DEUTSCHE BÖERSE AG	2.93%
RECKITT BENCKISER GROUP PLC	2.84%
META PLATFORMS INC-CLASS A	2.83%
HEINEKEN NV	2.74%
EPIROC AB A	2.73%

PORTFOLIO DISTRIBUTION

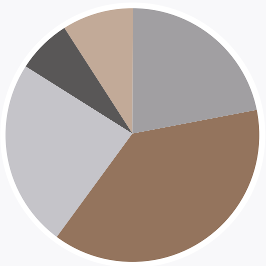
Geographical distribution



Europe **64%** Liquidity **9%**

US **27%**

Sectoral distribution

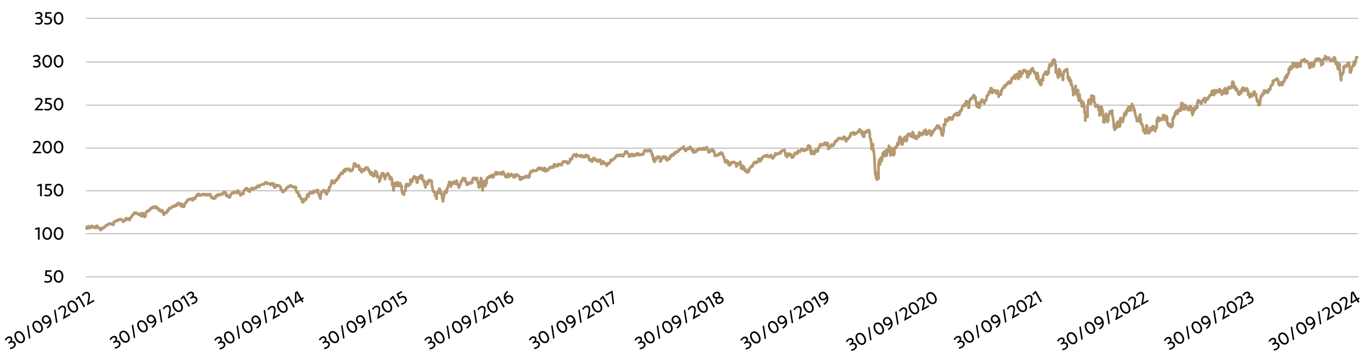


Industrial **22%** Financial **7%**

Consumer **38%** Liquidity **9%**

Communication & Technology **24%**

FLUCTUATIONS IN NET ASSET VALUE (€)



Day close data: 30/09/2024. Source: BESTINVER. Periods exceeding 1 year at annualised rate. Launch date: 16/12/2011.

RISKS ASSOCIATED WITH THE INVESTMENT

Bestinver Grandes Compañías is an equity investment fund and as such mainly involves the following risks: market risk, currency risk, country risk, concentration risk and inflation risk.
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Dear Investor,

Bestinver Grandes Compañías ended the quarter with growth of 0.5%, bringing its cumulative annual return for the year to date to 8.1%.

The third quarter of 2024 was characterised by high volatility in the financial markets. A relaxed unitholder looking at the fund's net asset value at the end of summer would have been lucky enough to be spared some nasty ups and downs, which would likely have caused a few dizzy spells for a more restless investor.

We have seen an interest rate hike by the Bank of Japan that rattled markets in early August[1] followed by the first US rate cut in four years, which coincided with the final stretch of an election campaign that in July saw the Trump assassination attempt and the resignation of Biden in favour of Kamala Harris. If this were not enough, in addition to the shocking escalation of events in the Middle East, which seem straight out of a Netflix series, China recently released a draft stimulus plan topping off a roller-coaster ride that can only be described as wild.

[1] To gain an idea of the market madness we have been experiencing this summer, on Monday, August 5th, the Japanese stock market recorded its worst fall since 1987 after Japan's central bank announced a 25 basis point rise in interest rates. A historic slump of 12%, in addition to the 6% lost that Friday after worse than expected US employment data (creation of 112,000 jobs v. 179,000 jobs estimated by analyst consensus). That morning, with European stock markets and US futures falling by more than 5%, the VIX volatility index —also called the "fear index"— soared to its third-highest reading in history, just a few points below the levels reached during the worst moments of the 2008 financial crisis and the start of the Covid-19 pandemic in 2020. Anyway...

The string of events has been long indeed. For a large number of investors who experience every macroeconomic blip, FED meeting or quarterly results release as if it were a Madrid-Barcelona (Champions League) match, the summer must have been truly exhausting.

Volatility is the price to pay for profitability

The restrictive monetary policies of recent years have been successful in achieving their objectives: slowing activity and reducing inflation. We are heading for a world of lower interest rates and a rebalancing in the service (less buoyant) and manufacturing (less depressed) sectors that will eventually lead to an economy more like the one we had before the pandemic, without this meaning —fortunately— a return to zero interest rates.

We are emerging from a period in which macroeconomics and geopolitics have dictated much of equity performance. It is understandable, therefore, that the behaviour of many investors is still conditioned by some central banker's pronouncements or the day's macroeconomic data. The market continues to be "long" on uncertainty and "short" on conviction[2].

The management commentary of our flagship funds, Bestinfond and Bestinver Internacional, describes the scenario we are living through in extraordinary terms. It is like a gigantic casino where fundamental analysis and valuation are

[2] Long-short strategies are a type of investment that combines buying and selling financial assets simultaneously. The "long position" works in the same way as a traditional investment: the investor buys an asset with the expectation that its price will increase over time and makes money by selling it. In the "short position", the investor sells an asset they do not own (using financial instruments) with the expectation of buying it cheaper in the future and pocketing the difference.

considered medieval tools in a world ETFs[3] bristling with narratives and factors. This dynamic "partly" explains why many companies' results are punished (or rewarded) with 30% fluctuations in their share price every quarter.

We are talking about a highly speculative market that represents a world of investment opportunities that not everyone will be able to benefit from. Only investors with an appropriate time horizon and who understand that high volatilities are the price to pay for good returns will be able to do so effectively.

Emotional traps v. rational thinking

If we want to enjoy long-term investment success, we must be able to navigate through periods of high market volatility. This challenge is caused not so much by the (usually transitory) losses that are often incurred, but by the bad decisions that can be made in such situations.

We are all aware that adjustments are inevitable in markets. That they occur should not be a surprise, but nevertheless, as share prices fall our capacity to make good long-term decisions becomes severely compromised. Rational thinking is often superseded by the negative emotions we inevitably feel when we are losing money.

In periods of market downturns our time horizons shrink dramatically. We stop worrying about the value of our savings five years from now and we start thinking about the money we had five weeks ago. We all become risk-averse when markets are falling, even though what is really happening is a revaluation of long-term profits generated by the businesses we own. The underlying value of these businesses hardly changes, it is the price of their shares that fluctuates (considerably) in a short space of time.

Remember that when stocks rise sharply, many decisions that seem right in the short term (buying) turn out to be very unfortunate in the long term. In a downturn the opposite happens: decisions that are truly intelligent in the long term (buying) often appear wrong in the short term.

We think long term, but not so long term

Bestinver Grandes Compañías operates in a grey area in which, fortunately, we do not have much company. We are referring to the blind spot which is the nexus of investment in quality and investment in value. This is a very interesting combination for long-term savers in listed companies, since this strategy should offer us excellent risk-adjusted returns. Why? Because we operate with two safety margins: the quality of the businesses in which we invest and the protection we obtain through the valuation.

To be a value investor is to buy businesses with as wide a safety margin as possible. It is about protecting yourself against misfortune and the errors of judgement we can all make. In the world of investing in quality companies, there is a school of thought that does not believe valuation plays a very important role in explaining a stock's long-term performance. For these investors, compound earnings growth is the real driver of the returns we

(3) Many of the movements we observe every day in the market can be explained by the proliferation of ETFs, created "ad hoc" by investment banks and fund management hypermarkets so that investors can jump on the bandwagon of a particular fashion. This trend has segmented the market by themes that can be "bet" on in an apparently simple manner: AI (artificial intelligence) winners, high interest rate losers, China stimulus beneficiaries, anti-obesity drug victims, and so on. The volume of assets moved by ETFs in the US market has reached USD 10 trillion (with a "t") so far this year, having increased tenfold in the last decade and, more impressively, doubled in less than four years.

receive when we invest in the stock market. We sympathise with this approach (the risk is buying companies that are not growing profitably), but good business analysis cannot reduce the unpredictability of the investment world.

There is a distinction to be made between confidence in our abilities and appropriate risk management. At Bestinver Grandes Compañías we will not buy companies at P/E 50 no matter how extraordinary they are. Projecting a business over ten years and waiting for profitable earnings growth to deflate the multiple is not our style. We think long term, but not so long term.

All investment requires analysis and conviction, but also a keen awareness of the risks inevitably incurred in making projections about the future. Investors tend to overestimate how much we know and underestimate what we cannot know. Relying for our investment results on profitable earnings growth for many years to come is a question of knowing what will happen in the future. Being disciplined about the multiples we pay is to admit that we cannot know.

Portfolio movements

We have reduced the presence of Samsung Electronics in the portfolio in recent months. During the quarter, we disposed of our last shares. Their valuation multiples remain very attractive, but confidence in our investment thesis has been greatly reduced.

The Korean giant is struggling to produce the memory chips most commonly used in graphics processing units (GPUs) for artificial intelligence. We do not really understand why. We need to confirm that the changes announced in the management team in the semiconductor division reverse the deterioration in its competitive position, which was unthinkable only a couple of years ago. Similarly, the chip manufacturing division continues to fail to gain new contracts or to achieve an acceptable level of profitability in its operations despite the time and money invested in the business.

Following our review team's visit to Korea, we have taken the decision to recycle the capital we had invested in Samsung into other names in the semiconductor equipment value chain. We do not want to lose exposure to a cycle in the sector that may be surprisingly strong in the coming years.

We have reduced our investment in Booking (54% in the last twelve months) and Deutsche Böerse (40%). The reason is not a deterioration in their competitive position as they continue to be companies with insurmountable barriers to entry, ultra-profitable and with bomb-proof solvency. Their multiples remain in line with the returns we require for the portfolio, but after the accumulated gains in recent months our safety margin has narrowed.

Assa Abloy is a similar case. Following rises of 50% in the last year, we have reduced its weight in the portfolio. In a world governed by labels, the Swedish company has gone from being a "loser" due to high interest rates (when we were able to build our position) to being a "winner" thanks to the less restrictive monetary policies we are likely to enjoy in the coming months. We still like its competitive position in the industry and its inorganic growth strategy. After five quarters of declining volumes, 2025 should be a much easier year for the business.

Concerning the businesses where we have increased our investment, we have continued to buy companies that are not having an easy time in the stock market. Their valuations have contracted and they therefore offer higher long-term returns with much less risk. This is the case of Jerónimo Martins, whose investment thesis we explained in the last quarterly newsletter, Pernod Ricard and LVMH, to name a few examples.

Finally, we would like to explain a position we have been building over the last few quarters in Elevance Health (formerly Anthem). This investment presents an attractive combination of stable growth and profitability, as well as a valuation with plenty of room for expansion.

Elevance is the second largest health insurer in the United States, with 48 million customers. Thanks to its scale and brand recognition, the company has historically generated very attractive returns on equity (15-20%), particularly in view of the low cyclicality of its business. In 2017, a new CEO from UnitedHealth joined the company. Since then, Elevance has implemented a diversification process in order to become a broader healthcare provider. In this connection, it has created a new segment called Carelon, based on four pillars: lab testing, behavioural health, medical care and prescriptions.

Elevance's goal is for Carelon to account for 30% of its profits in the next three to four years. We believe this is the right strategy, as the margins and returns this division could generate are higher than those of the traditional insurance business, which could raise its valuation multiples in

the market. By way of reference, UnitedHealth's Optum division accounts for half of the company's earnings and the American company trades at 21 times earnings, compared to Elevance's 13 times (10.5 times in two years). As the management team continues to implement its plan and the improvement in profitability becomes more evident, we believe this valuation gap should narrow.

Thank you again for placing your trust in us.

Yours sincerely,

The Investment Team.

Date: 30/09/2024. Source: BESTINVER

MAIN MOVEMENTS

Additions

—

Disposals

AZELIS
SAMSUNG

Increases

JERONIMO MARTINS
LVMH
PERNOD
ELEVANCE
EXOR

Reductions

BOOKING
DEUTSCHE BÖERSE
ASSA ABLOY

Bestinver Latam

The equity fund that invests primarily in Latin America.
Bestinver Latam FI as a Subordinated CIU invests at least 85% of its assets in BESTINVER LATIN AMERICA, CLASS Z – EUR, a sub-fund of BESTINVER SICAV, IIC Principal.
The Fund's Main CIU invests at least 75% of its total exposure in Latin American equities, primarily in Brazil, Mexico, Chile, Colombia and Peru. The strategy focuses mainly on consumer-related areas and the growth of the middle class in these countries. The aim is to achieve long-term profitability, applying a value investment philosophy.
Both the Main CIU and the Subordinated CIU promote environmental and social features, being listed as Art. 8 Regulation (EU) 2019/2088 SFDR.

MANAGEMENT TEAM

Ignacio Arnau
Bestinver Latam
Manager

Pablo Ortea
Bestinver Latam
Analyst

ANNUAL RETURNS TABLE

	2024 [1]	2023	2022	2021	2020	2019
Bestinver Latam FI [2]	-10.60%	22.26%	-12.71%	-16.77%	-6.91%	12.66%
Clase R Bestinver SICAV - Latin América [3]	-11.46%	21.45%	-13.03%	-16.75%	-6.02%	32.67%

ANNUALISED RETURNS TABLE

	1 year	3 years	5 years	Launch
Bestinver Latam FI [2]	-2.33%	-6.93%	-4.22%	-3.16%
Clase R Bestinver SICAV - Latin América [3]	-3.65%	-7.57%	-4.41%	1.18%

Data at 30/09/2024
Past performance is no guarantee of future performance.

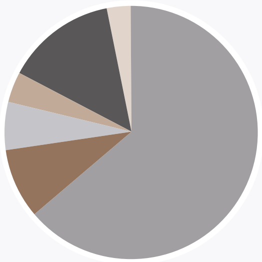
(1) Return 01/01/2024 to 30/09/2024
(2) Launch date: 18/01/2019
(3) Launch date: 05/07/2017

TOP POSITIONS

	% OF PORTFOLIO
MERCADO LIBRE INC US	6.07%
VTEX-CLASS A	5.99%
EMBRAER SA-SPON ADR	5.30%
HAPVIDA PARTICIPACOES E INVERSIONES	4.71%
LOCAWEB SERVICOS DE INTERNET	4.36%

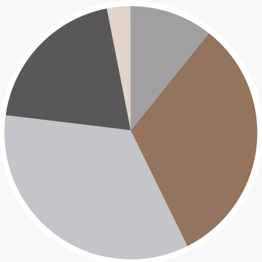
PORTFOLIO DISTRIBUTION

Geographical distribution



Brazil	**64%**	Peru	**4%**
México	**9%**	Latam	**14%**
Chile	**6%**	Liquidity	**3%**

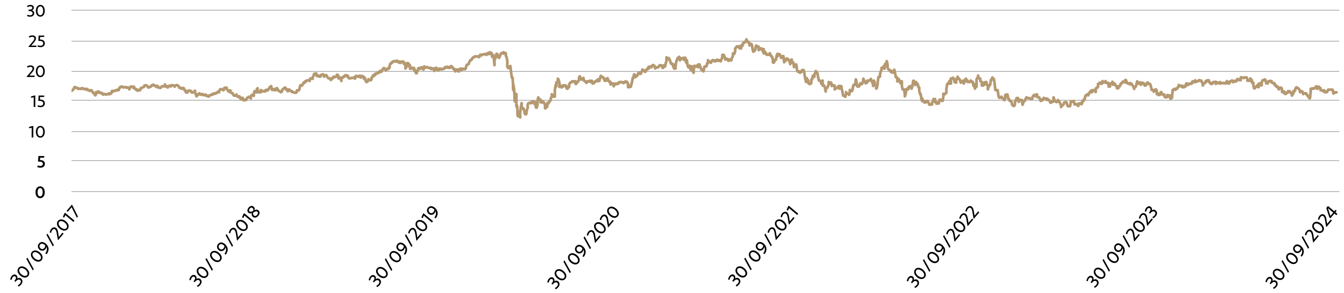
Sectoral distribution



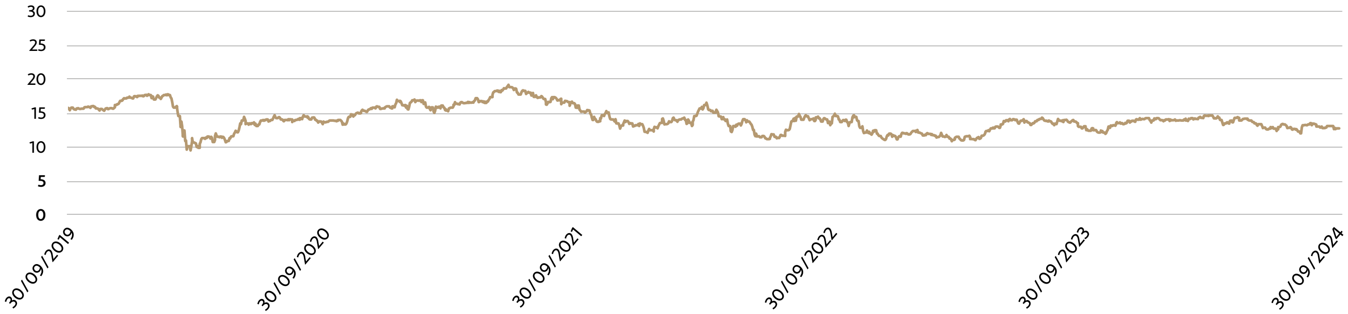
Industrial	**11%**	Financial	**20%**
Consumer	**32%**	Liquidity	**3%**
Communication & Technology	**34%**		

FLUCTUATIONS IN NET ASSET VALUE (€)

BESTINVER LATIN AMERICA SICAV



BESTINVER LATAM FI



Day close data: 30/09/2024. Source BESTINVER. Launch date Bestinver Latam FI 18/01/2019. Lauch date Bestinver Latin America SICAV clase R 05/07/2017.
Bestinver Latin America belongs to Bestinver SICAV (registered in Luxembourg). It is not registered with the CNMV and is therefore not marketed in Spain.

RISKS ASSOCIATED WITH THE INVESTMENT

Bestinver Latam is an equity investment fund and as such mainly involves the following risks: market risk, currency risk, country risk, concentration risk, inflation risk, derivative risk and sustainability risk.
Detailed information on the risks associated with the investments can be found at the end of this document.
Past performance is no guarantee of future performance.
The fund's full prospectus, regular reports and KIID can be found on the following websites www.bestinver.es and www.cnmv.es

Dear Investor,

The Latin American market had a slightly negative performance of -0.3% during the third quarter. The main indices in the region performed similarly, with the exception of Brazil and Mexico. The two main Latin American stock exchanges had contrasting results, with an 8% fall in euro terms in Mexico and a 4% gain in Brazil. The recent election result continues to weigh on the Mexican peso, which fell another 7% this quarter and is now down 15% for the year. In Brazil, meanwhile, fiscal and monetary uncertainty continue to hold back the recovery of its market and currency.

Brazil and Mexico, adjusting to a new reality

In Brazil, we are closely monitoring the latest decisions taken by the administration on fiscal matters and by the central bank on monetary issues, following the unforced errors we explained in our last newsletter. The Lula administration continues to cling to its fiscal orthodoxy discourse but time is running out and the market remains anxious to receive the detailed plan for the anticipated spending cuts. For its part, the central bank continues to struggle to regain the credibility lost during the last quarter and, in the face of the downward cycle affecting the region's main central banks, agreed to a 25 basis point hike at its last meeting.

In Mexico, the new congress, still under the presidency of López-Obrador, debuted in September with the new two-thirds majority of the Morena-led coalition. In its first session, it approved the judicial reform that radically changes the current status quo and promulgates the election of all judges in the country by popular vote. The reform raises potential challenges and great uncertainty about the country's legal security and has led to a further depreciation of the peso, which has lost 15% this year. Claudia Sheinbaum took office in October. We believe that her first hundred days in office will be essential for understanding how she intends to manage her considerable power. Of particular relevance will be the presentation of the 2025 budget, the proposal for the implementation of the new judicial reform, and her willingness to implement energy reform and to maintain the objective of developing infrastructures by attracting private and foreign capital. Finally, we will examine her willingness to accommodate the demands of Canada and the US for the successful renegotiation of the USMCA free trade agreement.

Our focus and bias on minimums ... positioned for normalisation

Bestinver Latam invests in the growth of the region's middle classes, in the improvement of people's quality of life, in the digitalisation and automation of economies, in the evolution of the consumer ecosystem and in the democratisation of credit and other basic services, such as health or education, which influence the financial and social inclusion of the bottommost layers of the social pyramid.

As long-term investors, our objective is to build a portfolio capable of growing over the cycle and producing above-market returns in absolute and relative terms. The fund mostly invests in medium-sized companies with solid sector growth rates. These companies must have high quality business models and good products, and must be profitable, leaders, sustainable and run by management teams capable of harnessing the company's resources and applying high standards of governance to join our list of investable companies. In order to enter the portfolio, we also require that they trade at good prices.

This approach leads us to invest in sectors such as technology (fintech, software, edtech, etc.) or consumer (platforms, retail, healthcare, etc.) that lengthen the portfolio's duration and sustainability and provide a major structural growth component for our long-term objectives in the region. In other words, Bestinver Latam's approach is not opportunistic or tactical, but is sustainable and strategic.

The region's performance over the recent months has, in particular, affected the share price of several of our companies. However, after this period of considerable macroeconomic, political and social stress, a move towards normalisation in any of these areas should translate into very high portfolio returns. In our view, on these levels the fund's potential is outstanding.

SmartFit: a strong *compounder* still putting on muscle

One of the positions that the fund has held on to is the Brazilian gym chain SmartFit. It is the largest gym operator in Latin America and the fourth largest in the world, with more than 1,500 centres and 5 million members. In our opinion, it is an excellent example of the type of quality and high-growth company that the region has to offer and on which the fund's strategy is focused.

The fitness sector is one of the most dynamic in the region, with growth rates of over 7% during the decade prior to Covid-19. This dynamism rests on three pillars with a cultural and social origin which, in our opinion, will foster the sector's continued development over the coming years. Firstly, the enormous interest existing in Latin America for health care and fitness. Secondly, the region's favourable population pyramid. Finally, penetration rates are well below those of other countries. For instance, the pre-Covid penetration rate in Brazil and Mexico was 4.9% and 3.3%, respectively, compared with 21% in the US, 17% in Canada and 12% in Spain.

Within this sector, SmartFit has a clear leadership position in the region. Its market share is approximately 13%, it has nine times more members than its nearest competitor and its annual opening rate is comparable to that of all its competitors combined, thus extending its leadership position. In short, SmartFit is the undisputed benchmark in this industry.

How has it managed to achieve such competitive dominance? There are two reasons: a business model that is uniquely attractive and competitive advantages that become progressively stronger as the company grows.

In terms of its business model, SmartFit has positioned itself in the highest value segment at the lowest possible price. While many of its competitors have focused on the premium segment of the market, SmartFit has cemented its position in the broader industry base. It has thus developed a value proposition capable of attracting a larger number of users very fast. Accordingly, compared with the premium niche market, which by definition offers more limited growth potential, the Brazilian operator's mass market approach has allowed it to benefit from the huge expansion of the Latin American fitness industry over the past decade.

This growth has been reinforced by and reinforces the company's five main competitive advantages. First, SmartFit benefits from a major cost advantage. The enormous volumes of its machinery orders provide it with considerable bargaining power with its suppliers, leading to discounts of up to 30% compared with average selling prices to traditional gyms. Second, it is able to secure the best locations for its premises because, thanks to its reputation, it receives priority treatment from owners and offers them better rental terms.

Third, this large scale allows it to dilute fixed costs such as advertising and payroll across a much larger network of gyms than its competitors. Fourth, the strength of its brand attracts new customers at a low acquisition cost. Finally, the extension and capillarity of its gym chain produces a network effect among its members. In particular, 67% of its members pay a premium on top of the basic fee to access the entire network of facilities.

The five competitive advantages outlined above have a joint positive impact on business fundamentals: attracting customers, increasing pricing power and lowering the cost base. The company's strategy has focused on leveraging these three elements to increase the value proposition of its gyms, offer even more competitive prices, and thus raise already high growth and retention rates.

SmartFit's great attraction for its shareholders is therefore that its business model is capable of generating high growth that feeds back into the business. The question is, therefore, does it still have room for further growth? In our opinion, the answer is a resounding yes for several reasons. As explained above, the penetration of fitness clubs in Latin America is still very low compared with other regions with less favourable cultural characteristics for the industry. Additionally, within the industry SmartFit's market share still has a long way to go compared with the 20% share held by the market leader in France, or 22% in the US. Concerning its geographical expansion, the company has identified countries such as Mexico, Chile, Peru and Colombia, among others, where it already has a presence and which offer great potential for expanding its network. Finally, its growth model has high capital requirements, which further strengthens SmartFit's dominant position. In fact, we believe that the company is at a very important turning point, as it will start generating cash for its shareholders without slowing its growth rate as early as 2025.

How is SmartFit able to generate cash by growing more than the rest of the industry in such a capital-intensive sector in relation to growth? There are two reasons for this: the first is the low intensity of maintenance investment required by the more mature gyms, achieving a cash generation profile that improves substantially once the company stops growing. While this factor does not exclusively affect SmartFit within the sector, what truly sets the company apart is its huge base of mature gyms, a cash generation engine sufficient to fund expansion into new centres and repay debt at the same time.

Concerning its valuation, we see SmartFit trading at a 12% of normalised free cash flow yield and a P/E multiple of 17x based on our estimates for 2025. If we compare these valuation multiples with its most relevant global comparable, the European player BasicFit, we see that SmartFit is trading at a 20% discount, despite offering consumers an unbeatable value proposition and having a much more dominant competitive position, better margins and much higher growth rates of close to 20% that will continue for the next 5 years.

In conclusion, SmartFit is a company with a high quality business model and a high growth profile, which is benefiting from the economic and social development of Latin America. This is a very different company profile to the one that predominates in regional indices, which provides value to long-term investors and distinguishes Bestinver Latam's investment proposition.

Main portfolio movements

The main movements in the quarter were simply adjustments to the weighting of some of our positions in order to maximise the portfolio's potential without altering its structural composition. The current situation of limited cash flows means that some of our portfolio companies, mainly in the hands of global investors, are doing better than others in the hands of local investors, without any fundamental reason. We have thus reduced our investment in companies such as Mercado Libre, Embraer and Tiendas 3B, while we have strengthened our position in others such as SmartFit, Vivara and Inter.

Bestinver Latam ended the quarter with a liquidity level of 3.6% and a portfolio of 37 companies, representing the best investment opportunities in the region. In geographical terms, Brazil represents 63.5% of the portfolio, followed by Latam —as we call our pan-Latin American group of companies— with 12.5% and Mexico, on 10%. On a sectoral level, technology and consumer continue to predominate at 35% and 32% respectively.

A region full of opportunities

Bestinver Latam's aim is to generate positive long-term returns that are higher in absolute and relative terms than the region average. To this end, it invests in companies with solid sector growth rates and with profitable and sustainable business models, good products and strong balance sheets, led by excellent capital allocators, focused on generating shareholder value and applying high governance standards. Our strategy takes advantage of the volatility that affects Latin American markets from time to time to buy these businesses at attractive prices, well below their true value.

This company profile adds a structural growth component that differentiates us from other alternatives and makes us a fund designed for long-term investment in Latin America. In our opinion, Bestinver Latam is not an opportunistic or tactical proposition but a strategic and sustainable option for any global savings or investment portfolio seeking to invest in a region full of opportunities. On our estimates, the portfolio offers high potential which will continue to grow in line with Latin America's unstoppable process of economic and social development.

Thank you again for placing your trust in us.

Yours sincerely,

The investment team

Date: 30/09/2024. Source: BESTINVER

MAIN MOVEMENTS

Additions

–

Disposals

–

Increases

VIVARA
SMARTFIT
INTER

Reductions

MERCADO LIBRE INC US
EMBRAER SA-SPON ADR
BBB FOODS

Bestinver Megatendencias

Bestinver Megatendencias is an investment fund aimed at investors with a long-term time horizon (over five years). The fund invests up to 100% in global equities. The fund's aim is to achieve long-term returns by applying Socially Responsible Investment (SRI) criteria in addition to financial criteria. Bestinver Megatendencias will invest in three trends:

- **T1** - Improved quality of life.
- **T2** - Digitalisation and automation.
- **T3** - Decarbonisation of the economy.

Within these trends, the strategy prioritises business models that we consider sustainable and socially responsible and therefore its investment universe is more restricted than that of BESTINVER's other funds. The fund is managed based on the three cornerstones of our investment philosophy: our own fundamental analysis, appropriate risk management and a time horizon shared by investors and managers.

Bestinver Megatendencias promotes environmental and social features and is classified as Article 8 Regulation (EU) 2019/2088 SFDR.

MANAGEMENT TEAM

Jaime Ramos, CFA
Bestinver Megatendencias
Manager

Raquel Martínez, CFA
Bestinver Megatendencias
Analyst

ANNUAL RETURNS TABLE

	2024 [1]	2023	2022	2021	2020	2019
Bestinver Megatendencias	13.53%	16.02%	-23.10%	13.55%	11.53%	19.30%

ANNUALISED RETURNS TABLE

	1 year	3 years	5 years	Launch
Bestinver Megatendencias [2]	21.32%	2.29%	6.56%	4.29%

Data at 30/09/2024
Past performance is no guarantee of future performance.

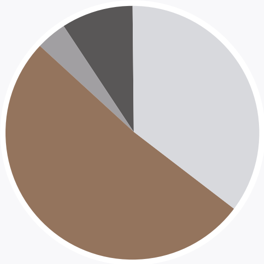
(1) Return 01/01/2024 to 30/09/2024
(2) Launch date: 16/06/2017

TOP POSITIONS

	% OF PORTFOLIO
NVIDIA CORP	4.70%
MICROSOFT	4.70%
ROCHE HOLDING AG	4.15%
SSE PLC	3.97%
BAUSCH + LOMB CORP	3.60%

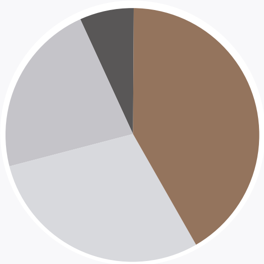
PORTFOLIO DISTRIBUTION

Geographical distribution



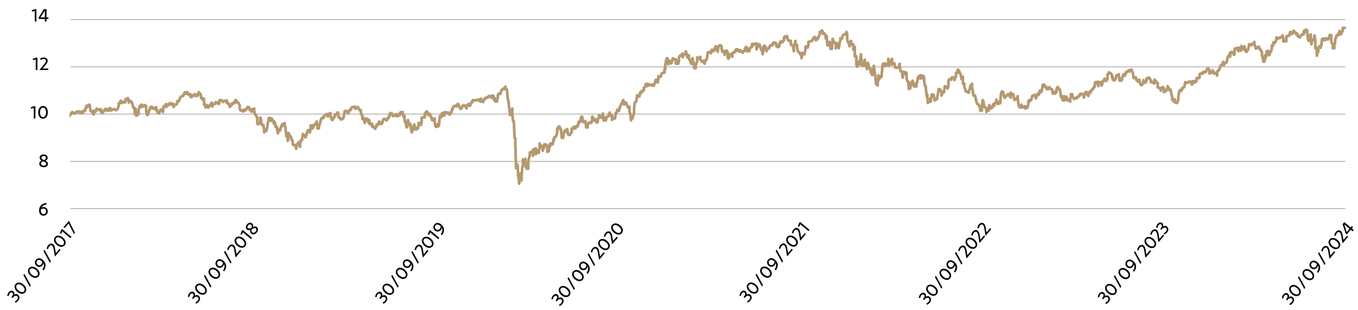
Europe	**36%**	Liquidity	**4%**
US	**52%**	Rest of the world	**8%**

Distribution by megatrend



T1	**43%**	T3	**23%**
T2	**30%**	Liquidity	**4%**

FLUCTUATIONS IN NET ASSET VALUE (€)



Day close data: 30/09/2024. Source: BESTINVER. Launch date: 16/06/2017. Periods exceeding 1 year at annualised rate.

RISKS ASSOCIATED WITH THE INVESTMENT

Bestinver Megatendencias is an equity investment fund and as such mainly involves the following risks: market risk, currency risk, country risk, concentration risk, inflation risk and sustainability risk.
Detailed information on the risks associated with the investments can be found at the end of this document.
Past performance is no guarantee of future performance.
The fund's full prospectus, regular reports and KIID can be found on the following websites www.bestinver.es and www.cnmv.es

MANAGEMENT ASSESSMENT

Dear Investor,

During the third quarter, Bestinver Megatendencias maintained the positive cumulative performance achieved during the first half of the year. Our portfolio has benefited from its strong performance in critical sectors, such as healthcare and renewable energies, adding to the gains generated in the previous quarters by companies involved in the development of artificial intelligence and its applications. The fund's investment strategy, focused on the most relevant megatrends, and a balanced and diversified portfolio construction policy have been key to this good performance.

Following the sharp interest rate hikes by central banks, the current economic normalisation process is a very positive environment for the development of the megatrends in which we invest, and this is being reflected by the fund. In this context, Bestinver Megatendencias' return was +1.9% in the third quarter and +13.5% in the first nine months of 2024.

Croda

During the quarter we invested in Croda, the UK chemicals company, as part of the megatrend focused on improving quality of life. In this newsletter we will explain its investment case, as it is a good example of the type of opportunities that the fund's strategy seeks.

Croda researches, manufactures and markets high value-added ingredients for a wide range of sectors, such as cosmetics, pharmaceuticals and agriculture. Examples of products aimed at these sectors are the UV filter in a skin cream, the adjuvant in a vaccine or the surfactant in a herbicide.

Most of Croda's products have three attributes that should be highlighted as they are key aspects of its business. Firstly, they are high value-added ingredients that are not within the reach of any chemicals company. Secondly, they are of critical importance in the attributes of the final product in which they are integrated. Finally, they represent a minimal percentage of the total cost of the product of which they are a part.

Thanks to these attributes, Croda is able to keep its customers' incentives to switch suppliers to a minimum. In this respect, they are their customers' trusted supplier, with best-in-class manufacturing processes and cutting-edge production facilities, guaranteeing punctual and incident-free supply. In addition, Croda works together with its customers in the development of new products, integrating itself into their production and innovation process. Finally, the scale and visibility of its business allows it to offer low selling prices with which comparable companies cannot compete. In short, Croda's customers are captive to a high degree.

Accordingly, once Croda ingredients are integrated into the preparation of a final product, they become extremely difficult to replace without altering the main attributes of that product. As a result, the company becomes a strategic partner for its customers, as the success of its compounds is linked to the commercial success of the product of which it is a part.

Croda has differentiated itself from other companies in the sector, such as Givaudan or Symrise, by using a higher percentage of natural raw materials that are not derived from the petrochemical industry. This makes its compounds more attractive to end consumers —e.g. in 100% organic labelled products— and it can sell them at a higher price. It also allows for the implementation of more homogeneous production processes among the sectors that require its products. It can thus increase its plants' production capacity and generate advantages of scale.

In short, its organic product speciality allows it to sell more profitably and produce more cheaply. As a result, it has the best margins in the industry.

From a structural viewpoint, the company's fundamentals are very sound. However, it has gone through various cyclical setbacks originating in the global supply chain disruptions suffered during Covid. Some one-off issues which, as we will see, have allowed us to buy a high quality business at a very attractive valuation.

During the pandemic, demand for cosmetics, hygiene and beauty products soared. Faced with potential supply problems, large retail chains placed huge orders with suppliers such as L'Oreal, Procter & Gamble and Unilever. These businesses, in order to meet their customers' demand, turned up their own and their suppliers' factories to full production capacity. However, because the pandemic lasted less than companies initially feared, end-consumer demand for these products quickly normalised, leaving a large non-perishable surplus in supply chains. As a result, demand has since plummeted: retail chains have frozen their orders from their suppliers, who in turn have frozen their orders from their suppliers. This process has been particularly significant from 2022 onwards.

Croda has suffered from this scenario more than other companies in the sector due to the large size of its plants. The fall in final demand has imposed on Croda a level of production that is too low to efficiently spread the fixed costs across all units produced. Traditionally, in other crises caused by overstocking, the huge diversification of end industries served by Croda allowed it to offset the poor situation in some against the positive situation in others. The post-Covid inventory crisis, in contrast, has affected too many sectors and to an unprecedented extent. As a result, higher fixed costs coupled with lower sales volumes have caused its margins to fall sharply.

To appreciate the impact of Covid-19 on profits, it is sufficient to compare the company's current results with its pre-pandemic profits. Between 2017 and 2019, Croda generated almost GBP 1.4 billion in sales with capital employed of around GBP 1.5 billion. With average margins of 24.5%, its annual operating profit stood at GBP 340 million. In its latest annual results, however, with a capital employed of almost 3 billion, it generated sales of 1.7 billion and an operating profit of 320 million, i.e. a margin of approximately 19%. In other words, double the capital produces slightly more sales and slightly less profit.

The impact on profits has been substantial. However, as we have explained, our analysis indicates that the causes of this deterioration are transitory. We believe that the excess inventories are being cleared through the supply chain and that order volumes will soon normalise. Taking into account the three attributes of Croda's ingredients outlined at the beginning of this case and the lifelong linkage to its customers' end products, we are convinced that the company's profitability will recover over the next few years. In the meantime, we have been able to buy a high quality chemicals business at valuation multiples 50% below the pre-Covid figures. The long-term vision of our strategy has again allowed us to take advantage of the short-term myopia of the market.

Unstoppable trends

The global economy continues the normalisation process after a decade of zero interest rates. This process, which is necessary and will have positive effects in the medium and long term, may provoke episodes of market instability in the markets in general and in the relevant sectors of our investment universe in particular. As we have explained in the case of Croda, however, such short-term episodes result in share price reductions that we can take advantage of to buy companies with good fundamentals at attractive valuations.

Bestinver Megatendencias invests in companies that are well-positioned to benefit from three megatrends that will determine the development of our lifestyles over the coming decades: the improvement in people's quality of life, digitalisation and automation of companies, and decarbonisation of the economy. These three vectors of economic and social improvement continue to progress, thanks to structural growth, visibility and institutional momentum that are rooting and integrating them in our societies.

The fund uses research into these trends to invest in companies that have the capacity to provide distinctive solutions to the world's major challenges, such as climate change, an ageing population and the transition to a digital economy. By means of fundamental analysis, BESTINVER's investment team selects the companies that have the products, technologies, resources and competitive advantages required to become winners within each megatrend. Finally, they perform a detailed valuation of each one to determine the price level at which they should be bought in order to respect their safety margin and increase the portfolio's potential return with each new addition.

Beyond the unpredictability of a given quarter, the companies exposed to the megatrends in which we invest have the potential to outgrow and outperform the market in the long term. They have benefited from a strong structural tailwind that will continue to offer good investment opportunities for our portfolio.

Thank you again for placing your trust in us.

Yours sincerely,

The Investment Team.

Date: 30/09/2024. Source: BESTINVER

MAIN MOVEMENTS

Additions

NATIONAL GRID
CRODA

Disposals

MARVELL
DSM

Increases

RECKITT BENCKISER

Reductions

ALPHABET
TSMC

Bestinver Norteamérica

Bestinver Norteamérica's strategy adapts BESTINVER's investment philosophy to the specific features of the North American universe. It builds a portfolio of high-conviction companies with strong return potential. The fund's portfolio combines positions in well-established companies with others that are in the process of developing their own leadership positions. The fund relies on the analytical skills of BESTINVER's investment team to select the most attractive North American companies, taking into account their quality, valuation and risk.

MANAGEMENT TEAM

Jaime Ramos, CFA

Bestinver Norteamérica Manager

ANNUAL RETURNS TABLE

	2024 (1)	2023
Bestinver Norteamérica, F.I	**17.65%**	**22.05%**

ANNUALISED RETURNS TABLE

	1 year	Launch
Bestinver Norteamérica, F.I (2)	**24.27%**	**18.64%**

Data at 30/09/2024

Past performance is no guarantee of future performance.

(1) Return 01/01/2024 to 30/09/2024
(2) Fecha de Launch: 10/10/2022

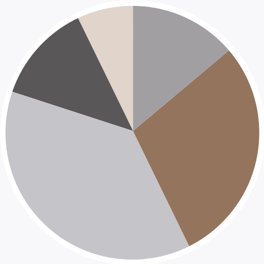
TOP POSITIONS

	% OF PORTFOLIO
NVIDIA CORP	5.86%
MICROSOFT	5.73%
APPLE INC	5.34%
AMAZON.COM INC	3.56%
META PLATFORMS INC-CLASS A	3.06%

< GO TO CIO'S STATEMENT

PORTFOLIO DISTRIBUTION

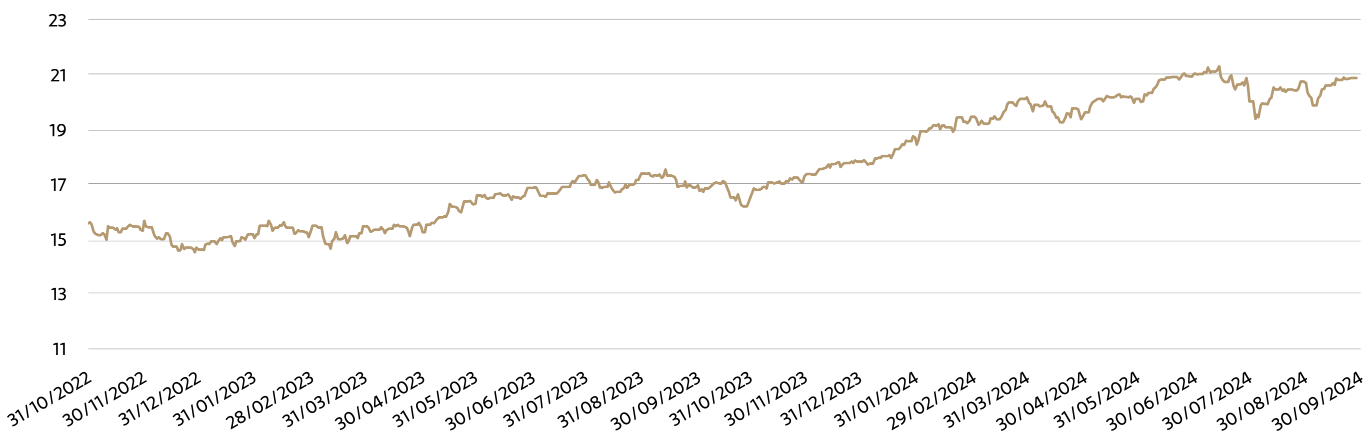
Sectoral distribution



- Industrial **14%**
- Financial **13%**
- Consumer **29%**
- Liquidity **7%**
- Communication & Technology **37%**

FLUCTUATIONS IN NET ASSET VALUE (€)

Net asset value performance (€)



Data at day-end 30/09/2024. Source BESTINVER. Launch date Bestinver Norteamérica FI 10/10/2022. Periods exceeding 1 year at annualised rate.

RISKS ASSOCIATED WITH THE INVESTMENT

Bestinver Norteamérica is an equity investment fund and as such mainly involves the following risks: market risk, currency risk, country risk, concentration risk and inflation risk.
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< GO TO CIO'S STATEMENT

Dear Investor,

The third quarter was a period of volatility and consolidation in the US market, in which defensive sectors —particularly electricity, real estate and consumer— performed well. Although business activity has remained strong and some estimate that growth for the quarter could be around 3%, inflation and employment data have been weaker than expected. As a result, the Federal Reserve decided to cut rates by 50 basis points at its last meeting. This reduction has rebooted the monetary policy normalisation process and opens up the possibility of a soft landing for the economy. Against this backdrop, Bestinver North America closed with a basically flat performance for the quarter and +17.7% cumulative so far this year. Our companies' performance on the stock market and the appreciation of the euro have bolstered the fund over the past three months.

Concerning our businesses' performance, for the most part their results have been in line with or better than our expectations. This is the case of Oracle —studied at length in one of our recent quarterly newsletters— which performed surprisingly well in both its traditional software business and its data centre business. We also wish to highlight the operational improvement of companies such as Kenvue (basic hygiene and health products) and or Fortinet (cybersecurity) which surprised the market and ended the quarter with an outstanding performance.

In conclusion, this has been a period of market consolidation within the framework of the economic and monetary normalisation repeatedly referred to in our previous newsletters. This normalisation provides a favourable environment for our companies to continue to create value and for the fund to achieve its long-term return objectives.

International Exchange

This quarter, we would like to explain the case of International Exchange, one of the companies that has been part of Bestinver Norteamérica since the fund was launched in October 2022. Its contribution to the portfolio's performance has been substantial since then and even so, we believe it will continue to generate value for our investors for years to come. It has an outstanding management team, a business protected by powerful competitive advantages and an industry that offers attractive opportunities for further profitable growth.

The creation and subsequent evolution of Intercontinental Exchange is closely linked to its CEO, Jeffrey Specher, who founded the company in 2000 as an electronic trading platform for energy contracts. Their first big break came just a year later when Enron, the biggest player in the industry, collapsed. From then on, Specher embarked on a number of corporate transactions that transformed Intercontinental Exchange into a giant in the energy world, becoming the owners of such important contracts as Brent in oil and TTF in gas.

However, Specher's strategic vision was not limited to the energy market. The CEO and founder of the group was determined to seize the huge opportunity offered by the modernisation of the US bond and equity markets. To this end, it made several acquisitions that strengthened its competitive position in the non-energy financial markets, culminating its expansion with the purchase of The New York Stock Exchange (NYSE) and Interactive Data Corporation, a provider of critical data for the fixed income market.

The significant position that International Exchange built up in the non-energy financial markets and the knowledge acquired within the fixed income market,

< GO TO CIO'S STATEMENT

allowed it to design its next strategic leap: the North American mortgage market. The company began a process of acquisitions in 2018 that culminated in 2023 with the purchase of Black Knight, owner of the most important technology platform for granting and servicing mortgages in the US.

The development of International Exchange since its origins is an engrossing story that demonstrates the important role that a committed and strategically minded management team plays in creating long-term value. Many companies that use acquisitions as an essential growth pillar end up failing because they buy the wrong businesses or pay too high a price. In such cases, any glimmer of value creation is retained by the sellers. But that is not the course followed by International Exchange. Under Jeffrey Specher, since its market flotation in 2005 its shares have achieved an annualised return of 20.8% compared with 10.6% for the S&P500[1]. This is a spectacular performance which, in our opinion, still has many opportunities ahead.

One of the main strategic opportunities that could underpin the company's growth over the coming decades is the natural gas market. This market is undergoing a structural change due to the role of LNG (liquefied natural gas), which is transforming it into a truly global market. The impact of this natural gas market globalisation is very positive for International Exchange's business.

The huge development of LNG means that, globally, enormous amount of gas are being transported all the time from producer regions to the countries with the greatest demand. This transport activity, mainly in LNG tankers, has enormously increased the market's coverage and management needs, in which the company has a dominant position. In addition, the globalisation of the market also requires that the pricing system change from a local to a global structure. In this context, international price references such as the TTF —which, as noted above, is owned by International Exchange— will be even more important in hedging contracts. As a result, we believe that the growth of natural gas market-related businesses can contribute up to 5 times more to the company's profits.

The second major opportunity is the US mortgage market. After completing the acquisition of Black Knight, the company is poised to significantly improve the mortgage origination and servicing process in the US. To give you an idea, it takes an average of 60 days to close a mortgage transaction, and each one costs an average of around USD 12,000 for financial institutions. International Exchange's strategic vision is clear: to make this process much faster and cheaper. In this respect, technology will play a key role in streamlining procedures for individuals, organisations and the market. We should not forget that most US mortgages end up being securitised.

In the short to medium term, however, the US mortgage market also presents a cyclical opportunity. Currently, mortgage lending volumes in the US are at their lowest levels since the 1980s. Accordingly, we believe that the process of monetary policy normalisation, which has already started with the Federal Reserve's recent rate cut, could provide a strong boost for the sector. We therefore believe that International can benefit from a cyclical recovery in the US mortgage market and structural growth thanks to its modernisation. Both aspects could have a very positive impact on its results, as this division accounts for almost a quarter of the group's total revenues.

In conclusion, International Exchange is a company with exceptional strategic leadership, owning high quality businesses and capable of benefitting from the development of such significant markets as global natural gas and US mortgages. These are strong fundamentals which, together with a share valuation at a 10% discount in terms of cash flow ratios against its

[1] End of calculation period at 20/09/2024.

< GO TO CIO'S STATEMENT

competitors —which do not have the same growth opportunities or the same entrepreneurial culture— justify the high potential we envisage for the company over the coming years.

A region with great advantages

North America has great political, geographic and legal advantages that have hugely favoured the development of its economy, markets and businesses over the past two centuries. As the world's leading power, it controls the world's only reserve currency, the main capital market and the major flows of international trade. Its cultural heritage, rooted in the values of individualism, innovation and entrepreneurship, has created a meritocratic economic, legal and educational system that facilitates the generation and accumulation of wealth. It also has a huge local market, large reserves of natural resources and a positive demographic trend, making it one of the most attractive regions for investment. These factors have made North America the ideal region for the development of leading companies in the most critical, strategic and dynamic sectors of the world economy. Bestinver Norteamérica seeks to benefit from these advantages by investing in the companies that are best positioned to profit from them and which, thanks to their valuation, offer above-average long-term returns.

In conclusion, the extraordinary competitive advantages that have accompanied this region for centuries and have made the US the world's leading power have accelerated in recent years and have widened the gap between the US economy and the rest of the world. The monetary normalisation process continues, leaving behind a decade of zero interest rates. This normalisation will have very positive effects in the long term for our companies, although in the short term it may lead to some episodes of market volatility. As always, these episodes will give us the opportunity to continue to invest in the region's leading companies at attractive valuations.

Thank you again for placing your trust in us.

Yours sincerely,

The Investment Team.

Date: 30/09/2024. Source: BESTINVER

MAIN MOVEMENTS

Additions

ANHEUSER-BUSCH
MACOM

Disposals

TAPESTRY
ANALOG DEVICES

Increases

META
MERCK

Reductions

ALPHABET
APPLE

< GO TO CIO'S STATEMENT

Bestinver Tordesillas F.I.L.

Hedge fund aimed at investors with a long-term time horizon (over five years). This is an Iberian equity fund (Spain and Portugal). The fund's objective is to provide an absolute return, with the flexibility required to take net short positions. Bestinver Tordesillas FIL is an investment fund that aims to preserve its investors' capital while maintaining a low level of volatility. The fund is managed based on the three cornerstones of our investment philosophy: our own fundamental analysis, appropriate risk management and a time horizon shared among investors.

MANAGEMENT TEAM

Ricardo Seixas
Head of Iberian Equities

Javier Ortiz de Artiñano
Iberian Equities Analyst

León Izuzquiza
Iberian Equities Analyst

Gabriel Megías
Iberian Equities Analyst

ANNUAL RETURNS TABLE

	2024 (1)	2023	2022	2021	2020	2019
Bestinver Tordesillas	1.03%	4.82%	-8.68%	5.88%	4.30%	0.03%

ANNUALISED RETURNS TABLE

	1 year	3 years	5 years	10 years	15 years	Launch
Bestinver Tordesillas (2)	2.26%	-0.36%	1.04%	1.60%	2.36%	2.42%

Data at 30/09/2024
Past performance is no guarantee of future performance.

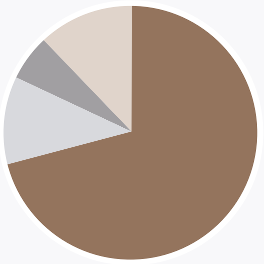
(1) Return 01/01/2024 to 30/09/2024
(2) Launch date: 09/03/2007

TOP POSITIONS

	% OF PORTFOLIO
ZEGONA COMMUNICATIONS PLC	5.65%
AMADEUS IT GROUP SA	5.47%
GRIFOLS SA	5.31%
INDUSTRIA DE DISENO TEXTIL	5.08%
INMOBILIARIA COLONIAL. S.A.	4.23%

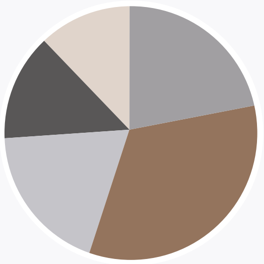
PORTFOLIO DISTRIBUTION

Geographical distribution



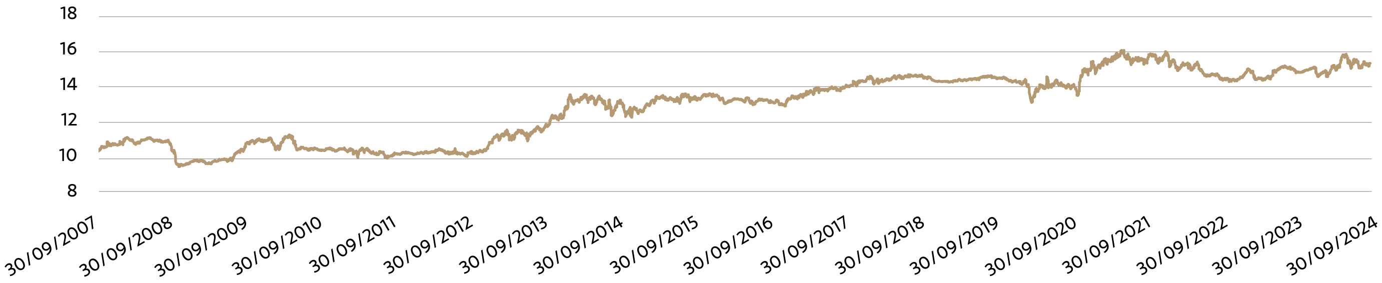
Spain	**71%**	Europe	**6%**
Portugal	**11%**	Liquidity	**12%**

Sectoral distribution



Industrial	**22%**	Financial	**14%**
Consumer	**33%**	Liquidity	**12%**
Communication & Technology	**19%**		

FLUCTUATIONS IN NET ASSET VALUE (€)



Day close data: 30/09/2024. Source: BESTINVER. Periods exceeding 1 year at annualised rate. Launch date: 09/03/2007.
Bestinver Tordesillas FIL is a hedge fund and therefore involves a high level of complexity and risk. Daily liquidity. Minimum investment EUR 100,000.

RISKS ASSOCIATED WITH THE INVESTMENT

Bestinver Tordesillas is a hedge fund and therefore mainly involves the following risks: market risk, currency risk, country risk, concentration risk, inflation risk and derivative risk.
Detailed information on the risks associated with the investments can be found at the end of this document.
Past performance is no guarantee of future performance.
The fund's full prospectus, regular reports and KIID can be found on the following websites www.bestinver.es and www.cnmv.es

MANAGEMENT ASSESSMENT

Dear Investor,

The third quarter that has just come to an end has been positive for the stock markets. In an environment where high inflation rates seem to have been overcome, the Federal Reserve and the European Central Bank have started to cut interest rates. Investors' main concerns now centre on the pace of economic growth. Uncertainty and a lack of conviction continue to condition market behaviour. This is illustrated by the volatility episode that hit the markets in August. But it is precisely these episodes that produce the best investment opportunities.

One of the moves we have made in the portfolio this quarter has been to reduce its exposure to the banking sector. Over the past three years this sector has been one of the main drivers of the fund's performance and we think this is the right time to re-channel some of the gains towards other companies that have underperformed. Broadly speaking, the banking sector has doubled the profits it recorded before the Covid-19 pandemic and therefore we believe that its capacity for further growth from this point on is more limited.

Nonetheless, we do not consider it is necessary to sell our entire position in the sector, even at the onset of an anticipated downward rates cycle. Their valuations remain very low and the banking business has mechanisms in place to mitigate the impact of lower interest rates, e.g. by increasing lending activity, which has already been noticeable since the start of the year. We still think, therefore, that they will be able to maintain high profitability levels over the next few years.

Our main position in the sector is Banco Santander. We believe that its geographic diversification provides it with a very attractive defensive profile in the face of an incipient downward interest rate cycle. In addition, its valuation against the rest of the sector still fails to reflect the company's fundamental improvement in recent years. We believe that the bank's strong performance will continue in the medium term, which will help to reduce this discrepancy in its valuation.

Thank you again for placing your trust in us. Yours sincerely,

The Investment Team

Date: 30/09/2024. Source: BESTINVER

MAIN MOVEMENTS

Additions

ENDESA

Disposals

BANKINTER

Increases

AMADEUS

Reductions

BANCO SANTANDER

Risks associated with the investments

Market risk

The risk arising from an investment in any kind of asset. Assets will be traded on their respective markets and their quoted price will be influenced by a number of variables, such as economic developments and the political climate. Some assets, such as equities, are more volatile and therefore involve a higher level of risk. Fixed income assets tend to be less volatile, although this will depend on the issuer. Their price is closely linked to interest rates. Increases in interest rates negatively impact the price of these assets.

Currency risk

When investing in foreign currency, i.e. in a currency other than the local currency, the performance of the investment will be influenced by exchange rate fluctuations.

Concentration risk

Sectoral, geographical, asset or any other type of concentration implies the assumption of greater risks because negative results in one of the assets will have a greater impact on the overall results of the portfolio, as it will have greater relative importance than in the case of a more diversified portfolio.

Counterparty risk

Counterparties' failure to meet their contractual obligations may result in potential losses on the investment.

Country risk

Investment risk in emerging countries stems from the possibility of having to face the consequences of unstable governments, economies that are highly concentrated in certain activities and, in general, greater political, social and economic uncertainty.

Interest rate risk

Exposure to changes in market interest rates can have an impact on investments, such as difference between the interest rate review periods or maturity dates of investment transactions relative to borrowings.

Inflation risk

Fluctuations in inflation may impact the profitability and value of an investment.

Credit risk

Refers to the failure by an issuer of fixed-income assets to meet its obligations with respect to the payment of interest, principal, or both.

Valuation risk

Investments in unlisted securities are valued using discounted cash-flow valuation models discounted at a market rate based on the type of asset involved, comparables and the associated potential risks and opportunities. These methods are based on estimates or comparables which introduce a subjective element and could potentially limit liquidity.

Liquidity risk

Liquidity risk is defined as the difficulty of transforming your investment into cash. Venture capital investments are not traded on secondary securities markets but under agreement between parties. For this reason, it can be difficult to sell such holdings and convert them into cash in a short period of time. This lack of liquidity may result in the penalisation of the price obtained to unwind a position or even the impossibility of unwinding the position at a given time.

This risk also affects portfolio investments as it may be difficult to sell the asset at the end of the investment period at a suitable price as these are not listed assets and they are not traded on an organised market.

Derivative risk

Investment in derivatives (futures, options, swaps, etc.) is subject to market, leverage, counterparty, correlation, and liquidity risk. Leverage risk means that exposure to the underlying asset is much greater than the amount invested and therefore the impact on the outcome may be disproportionate to the investment made. Correlation risk measures the potential for loss resulting from adverse changes in the correlation between the derivative and the underlying (of any type). All risks combined may cause the loss to be greater than the capital invested in the derivative.

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