QUARTERLY REPORT

TO OUR INVESTORS

Third Quarter 2020

BESTINVER
acciona

BESTINVER
acciona


Bestinver Madrid

Dear investor,

We would like to begin our third quarterly report by remembering the victims of Covid-19 and their families, and showing our gratitude to everyone who continues to fight against the virus. We would also like to send out a message of hope to those members of society most affected by the pandemic. The scientific community is closer to finding a solution so we can overcome this threat, protecting not only our lives but also returning life to normal. At a time like this, it seems fitting to recall the French writer Luc de Clapiers who said that patience – deriving from the Latin word patiens (one who suffers) – is the art of having hope.

Turning to our analysis of the economic situation, we can see how the major fiscal and monetary stimuli rolled out since the start of the pandemic are making a difference, and the economic rebound continued to gain traction over the summer months. Nevertheless, recent warnings from the heads chiefs of the European Central Bank and US Federal Reserve suggest that additional measures will still be needed in the coming months to maintain the current rate of recovery.

In this respect, at the end of July the European Union approved the largest budget in its history, allocating EUR 1.1 billion for the period 2021-2027 and launching a recovery fund of EUR 750,000. This fund will be financed by the Commission which will issue bonds on the international financial markets on behalf of the Union.

In effect, this sale of joint long-term debt – exploiting the Union's triple A rating (highest quality, lowest cost) – sees the arrival of eurobonds or the anticipated mutualisation of European debt. It is too soon to evaluate the impact of this move. The market has too many concerns (a surge in cases, delays in approving vaccines and their ultimate effectiveness, the US elections, Brexit) to calmly analyse its consequences, but it is undeniable that on this occasion, the European Union has not squandered the chance to do something fundamentally positive.

The second wave of cases and fears about a possible new lockdowns have been noticeable in the markets since August. Small drops have been seen for the first time in a long time, which have been more intense in the US than in Europe. Similarly, stocks in the global value indexes have also outperformed those in the growth indexes, weighed down by the setbacks of the US technology sector.

At our recent 19th Annual Investors Conference, we reflected with you on "growth" and "value": two concepts that are totally complementary despite the fact that prevailing differences in their valuations make them appear to be opposing. As we said then, for Bestinver value is a pre-requisite and growth is a fantastic attribute, and thanks to our investment team's fundamental analysis, we are capable of identifying opportunities in both fields. Our investments in HeidelbergCement, GSK, HelloFresh, Tencent, Grifols, Arco Plataforma and EDPR are a great example of this.

In this report, we would like to examine with you some of the reasons that could be behind this disproportion that we observe in relative valuations. As you can imagine, this is not an easy task but we think it is worth reflecting on them and try to understand the difficulties encountered in value investing in recent times.

This time, we are going to focus on the consequences of low interest rates. First, one needs to understand the effect of a drop in interest rates on an asset's value. A company is worth the free cash flow or dividends it is capable of generating over its lifetime, discounted at a rate or cost of capital that should incorporate a series of appropriate variables (a reasonable inflation rate, the inherent risk of investing in a business, etc.). From this perspective, equities are not that different to fixed-income securities; a share would be similar to a bond with an indefinite duration.

Conceptually, a lower discount rate makes an asset more valuable, although this effect is not the same for all assets. The longer their duration, i.e. the more their future returns grow or are more visible (cash flows, dividends, coupons), the greater the positive impact of this lower discount rate. To a certain degree, this would explain the increase in the valuations of certain company profiles. If, in addition to this, we consider that global economies have shown moderate and erratic growth over the last few years, it is easy to understand why the market has valued and given so much weight to this type of attribute (growth, stability, visibility).

As well as this theoretical impact on valuations, in practice low interest rates have also had other effects in practice that are decisive when it comes to explaining the difficulties encountered in value investing. An environment of persistent zero rates causes the gradual disappearance of the so-called "creative destruction", made popular by the Austrian economist Joseph Schumpeter. This process -necessary condition for economic progress, through which companies unable to generate value tend to disappear leaving only those that can respond to consumers' needs and therefore produce more wealth for society-, has been one of the most important allies for value investors throughout history.

Identifying a profitable and well-managed business in a sector with overcapacity and low productivity was historically a smart way of investing our capital. The passage of time, lack of profitability and poor business decisions (excessive borrowing, for instance) led to an inevitable purge that created a new and favourable environment. In this context, the survivors were able to see their earnings and wealth growing, while we – as value investors who had done their homework and had patience on their side – could benefit from this process of natural selection. Those of you with a good memory will remember Viscofán in Spain or Samsung in South Korea as two examples that perfectly exemplify the dynamic we have just described.

The proliferation of "zombie" companies or sectors leads, to a certain extent, to the neutralisation of capital cycles in the economy and a disconnection of the value of analysis and patience as essential contributors to successful investment strategies. When zero interest rates prevail, any project appears to be profitable and high leverage does not pose an immediate threat, resulting in oversupply that would not otherwise be possible. The subsequent poor allocation of capital and perennial increase in borrowing and refinancing end up being especially damaging in sectors with a high level of competition. When demand falls, as it does in a recession or crisis such as we are facing today, there is a particularly severe destruction of value in companies and sectors that operate with overcapacity. The oil and gas and banking sectors are good examples of this extremely harmful process.

Obviously, low interest rates are not the only factor behind the poor results of value investing over this period, but we do believe that their influence has certainly been remarkable. In parallel, we are witnessing an authentic digital revolution that is transforming many business models, and many of these changes are happening at an unprecedented speed. This requires not falling into dogmatism in our analysis, but also developing a new way of investing that reconciles the profound changes taking place now – trying to avoid the famous value traps (and also growth traps) – with the huge opportunity of value investing today.

Here at Bestinver, we are aware of this complexity. We have been living through a decade of ultra-aggressive monetary policies, and the economic crisis caused by Covid-19 has meant that the appropriate fiscal stimuli needed to soften the pandemic's impact have had to be financed through central bank support. In turn, this has led to the printing of vast amounts of money. The risk of currencies losing their purchasing power in subsequent years (inflation) or interest rates beginning to climb to underpin and protect these currencies is by no means trivial.

At Bestinver, we believe the best way to protect ourselves from these threats is to own quality assets that are well managed, prudently financed and, above all, purchased at attractive prices. We work for you with this goal in mind. A reference shareholder that provides solidity and permanence, an eclectic and committed investment team in search of value, and and investors with knowledge, prudence and patience – who are our greatest asset – represent a formidable combination to exploit existing opportunities and those that may be presented in the future.

We would now like to mention a number of new developments at a corporate level. We have launched a new fund: Bestinver Deuda Corporativa, which completes our range of fixed-income products. This is a fund with a recommended investment term of two to three years, which invests in high-yield bonds and subordinated debt.

We have also completed the transition and on-boarding at Bestinver of the team from Fidentiis Gestión. This integration has been a model of success and has meant the assumption by Ricardo Seixas of all responsibilities for the Iberian equities arm and enhancing the efficiency and optimisation of the investment team's resources.

Lastly, we are pleased to announce that from now on, you will be able to to find the management commentary for each of our funds in the quarterly reports. We believe that having the opportunity to know individually the vision of its managers and the main movements made in the portfolios could benefit you when it comes to choosing those that are best suited to your preferences and needs.

Sincerely,

The investment team

Bestinver in numbers

Investors
More than 50,000

Fund assets
We manage over €5.4 billion

Return
12.91% annualised return
for Bestinfond since launch

Independence
100% Acciona Group

Awards obtained
More than 100 in
the last 20 years

Figures as at 30/09/2020. Bestinfond start date: 13/01/1993

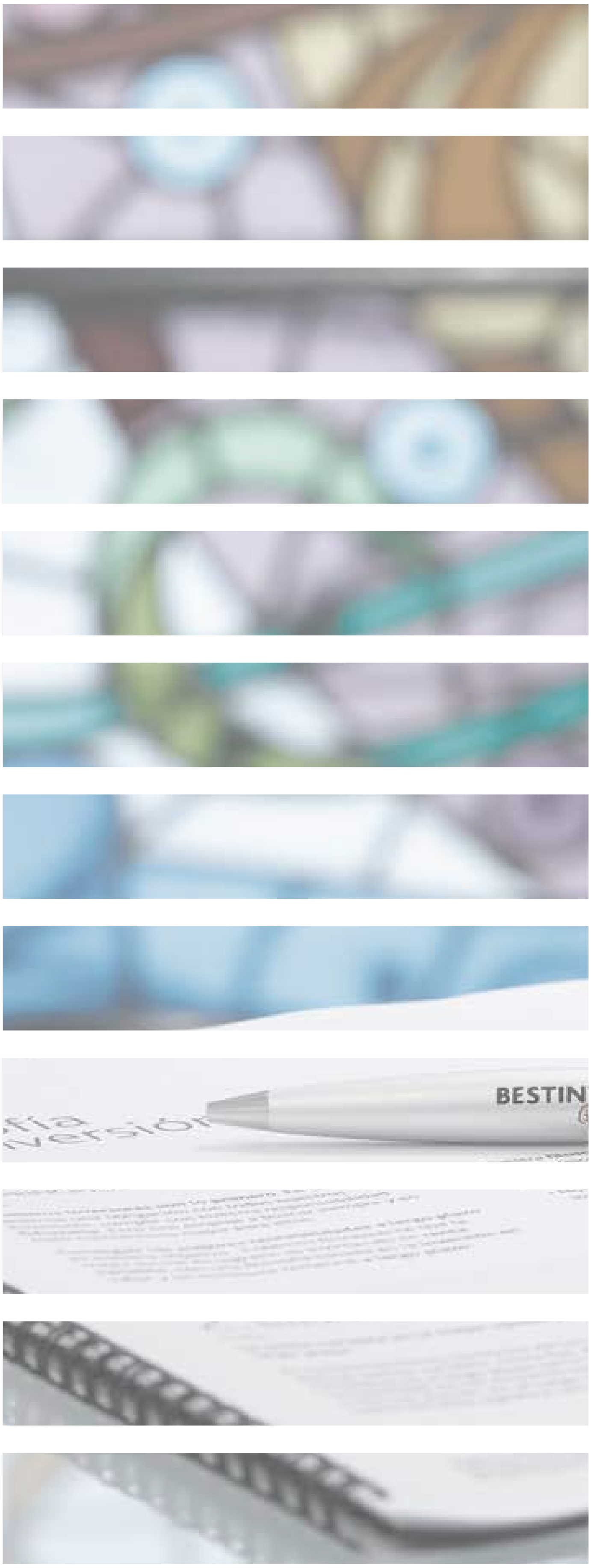
BESTINVER
acciona

CONTENTS

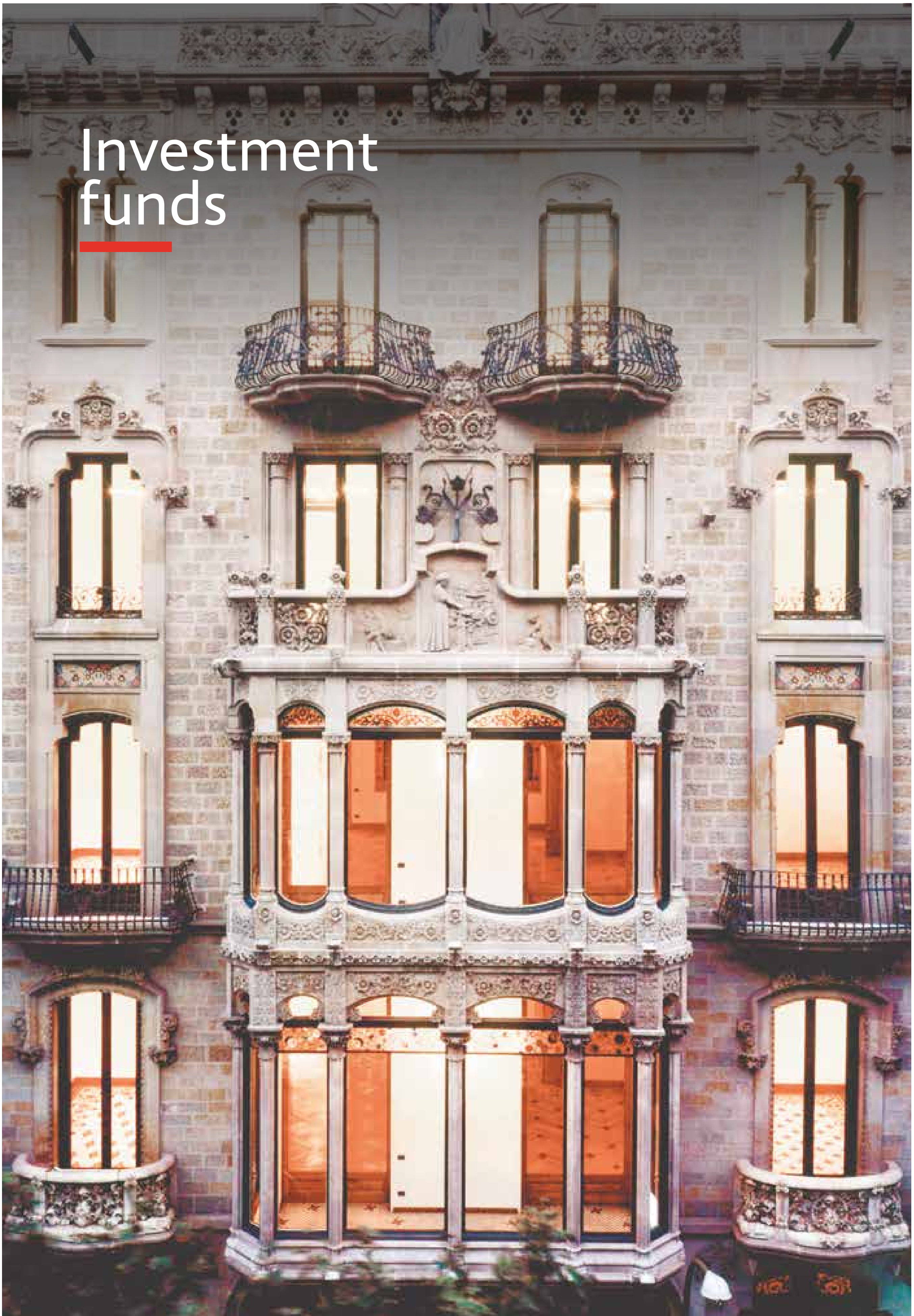
Potential: The growth potential that, in the opinion of Bestinver's managers, the fund has at any given time, calculated as the difference between the current PER and the target PER. This does not represent the gain that the fund will make in a certain period, given that, although the fund will achieve a specific return, the objective of the managers is to increase, or at least maintain, that potential.

PER: The free cash-flow price at which the fund trades, based on the PER estimated by Bestinver's managers for each company (including adjustments such as: debt, point in the cycle, price, currency, etc.).

Target Price: the Net Asset Value that the shares in the fund may reach on the basis of the intrinsic value that all of the stocks that form the portfolio have, in the opinion of Bestinver's managers.



Investment funds



Bestinver Barcelona

BESTINFOND

Invests in global equities, especially in European companies.

Fund managers

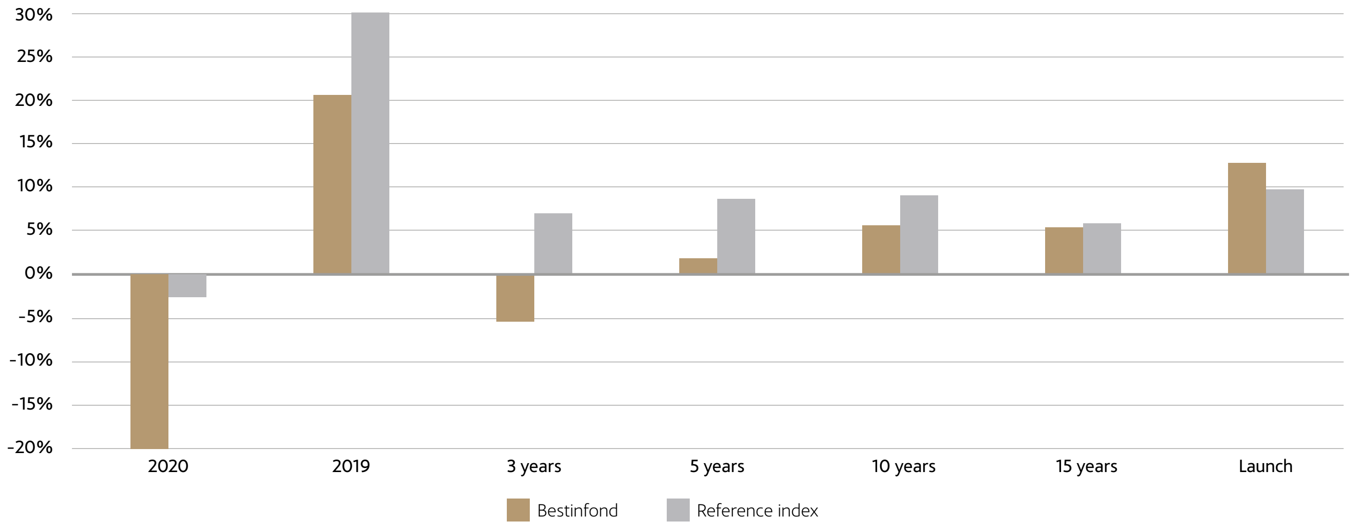
Tomás Pintó
International Equities Director

Jorge Fuentes
International Equities Manager

Table of annualised returns

	2020	2019	3 years	5 years	10 years	15 years	Launch
Bestinfond	**-19,94%**	**20,81%**	**-5,54%**	**1,97%**	**5,76%**	**5,53%**	**12,91%**
Reference index*	-2,65%	30,02%	7,10%	8,92%	9,27%	5,79%	9,54%

Annualised returns

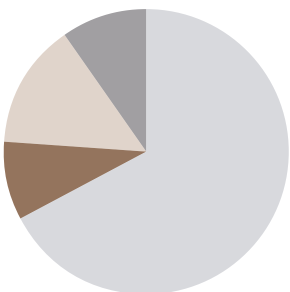


Figures as at close of business: 30/09/2020. Source: Bestinver. Periods of more than 1 year at annualised rate. Launch date: 13/01/1993. Since 01/01/2016, the reference index has included net dividends. Past performance is not a guarantee of future returns.
*The index changed on 05/09/2018 and is now the MSCI World NR EUR. The historical return data for the reference index have been calculated taking as a reference the data obtained for the index in force at any given time.
Investments could entail, among others, equity-market risk, interest-rate risk, exchange-rate risk, risk of investing in emerging economies risk, and geographical and sectoral concentration risk.
The full prospectus, periodic reports and KIID for the fund are available at www.bestinver.es and www.cnmv.es.

Investment in this fund is inadvisable for time horizons of less than 5 years.

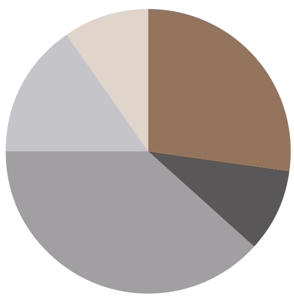
DISTRIBUTION OF THE PORTFOLIO

Geographical distribution



Europe	67,4%
Iberia	8,8%
Other	14,3%
Liquidity	9,5%

Sectoral distribution



Consumer	27,4%
Financial	9,5%
Industrial	38,2%
Communication & Technology	15,3%
Liquidity	9,5%

Main positions by sector

CONSUMER	% OF PORTFOLIO
DELIVERY HERO	3,98%
HELLOFRESH	2,44%
GLAXOSMITHKLINE	2,42%

INDUSTRIAL	% OF PORTFOLIO
RIO TINTO	2,63%
KONECRANES	2,47%
ABB	2,23%

COMMUNICATION & TECHNOLOGY	% OF PORTFOLIO
INFORMA	3,39%
AMS	2,98%
TENCENT HOLDINGS	1,97%

FINANCIAL	% OF PORTFOLIO
BNP PARIBAS	1,77%
ING GROUP	1,52%
STANDARD CHARTERED	1,49%

Manager's round-up

We ended the quarter with a consolidation of the gains recorded from the March lows. The very slight corrections of the European indexes – more pronounced in the Spanish market – were mainly the result of the energy and financial sectors' poor performance. However, this consolidation masks a significant sector rotation movement. Sectors most closely linked to the economic cycle have enjoyed major gains, while the most defensive sectors, or those best performing since the beginning of the year, have suffered setbacks in their prices.

Cyclical companies have once again surprised positively in terms of cash generation; a pattern we saw between 2008 and 2010. This is due to the very nature of their working capital (they stop producing and start consuming inventories) but also the ability to streamline their costs and workforces thanks to far more flexible working frameworks than in the past. One outcome of the crisis during the first half of the decade is that companies (and authorities) have become slightly quicker to react and adapt to change. This dynamic is evident in companies in our portfolio such as ABB, Konecranes, Ashtead and HeidelbergCement.

The automotive sector requires special mention, which was already tipping towards a recession before Covid-19 hit. The continual tightening of EU regulations to curb harmful emissions has been a massive challenge for manufacturers, who have had to invest very heavily to reduce the environmental impact of their cars at a time of a significant demand contraction.

Somewhat confused by the promotion and subsequent demonisation of diesel and expectant about the current technological transition to electrification, buyers have delayed their purchases. Obviously, Covid-19 has only exacerbated this situation. However, it should be remembered that this demand is still there, parked to one side, and that sooner or later it will need to be met, especially given the age of Europe's fleet of cars and punitive laws in terms of taxes and restrictions on the use of polluting vehicles. Having experienced and talented analysts such as Colin Gibson and Carlos Arenillas helps us navigate through and put into perspective the current circumstances.

What we can say is that with BMW and Faurecia – two of our investments in the sector – we are seeing an incipient but clear resurgence in business. The appearance of new, more electrified models, along with the proliferation of public aid to encourage buyers to change their vehicles are, in our opinion, the start of an upward trend that should continue in the years ahead.

As we said in the prologue to this report, the major fiscal and monetary stimuli rolled out since the start of the pandemic are becoming noticeable, and the economic rebound continued to gain traction over the summer months. Nevertheless, bond yields have remained at an all-time low, causing the financial sector (which is heavily affected by the economic cycle and should reflect the notably brighter outlook) to suffer significant falls over the quarter, with prices reaching the minimums seen in March.

At the end of July, the European Central Bank released its findings of its analysis of the banking sector's vulnerability tests due to the current crisis. One of the most important conclusions, in our opinion, is the forecast that the sector will generate very low profits in the coming years. Specifically, the ECB estimates that in 2020 profits will only equate to a third of those posted in 2019, despite a considerable improvement in NPL ratios in 2021 and the expectation that credit quality will not decline in the future. The regulator is of the opinion that the cause of this pending disaster is a persistent challenging environment for income generation and for intermediation margins. The good news is that despite the severity of the economic contraction, the potential deterioration in the sector's capital position is pretty manageable. As explained at the start, industrial companies came out of the last crisis stronger and it is certain that the regulatory reforms over the last ten years have boosted the solvency of what is a key sector for the normal functioning of the economy.

As you will be aware, we have gradually reduced our exposure to this sector. It is true that a problem concerning the P&L has nothing to do with one affecting the balance sheet (although over time, one does begin to affect the other) and therefore banks are far more "investible" today than a decade ago. That said, the pandemic has meant a new tightening of the rules of the game. The inevitable prolongation of this cycle of zero rates has an enormous effect on banks' profitability and makes it far harder for them to generate profits and capital. Aware of this, regulators have prohibited the payment of dividends until things return to normal, (temporarily) halting with one fell swoop one of the mainstays of the thesis of investing in banks on the old continent.

It is clear that their valuations have plunged dramatically over the last year, but so has their margin of safety. The very nature of the current crisis makes it extremely difficult to see these dynamics changing course. The financial institutions in our portfolio have a capital position strong enough to withstand a long period of uncertainty and, above all, their business models allow them to generate revenues even in the prevailing interest rate environment. Consequently, they are still able to pay out attractive dividends when the regulator lifts the current prohibition.

We would also like to share with you two new ideas we have included in the fund this quarter: Inditex and Grifols – two examples of fabulous companies that are reasonably priced and offer us the opportunity to find value. The first has a world-class management team (and owner). Its remarkable operational flexibility and financial prudence have enabled it to navigate its way through the current crisis far better than its competitors. It has been able to protect its margins and profitability, allowing it to continue investing in its online model: a channel that will represent, according to our calculations, close to 25% of its sales next year, thus expanding its leadership in the sector. It is an excellent company that we know well, and we believe it has many years of profitable business growth ahead of it. Its combination of online and offline offering continues to represent a superior proposition in today's world and thanks to its incredible cash generation, it is in an enviable position to repay its shareholders through increasingly succulent dividends of around 4% at today's prices.

Grifols, meanwhile, operates in an oligopolistic market and has extremely attractive fundamentals. It is enjoying major growth in demand for plasma derivatives to treat chronic diseases and it is protected by entry barriers extremely difficult to overcome. Grifols is a clear case of an opportunity to invest following the company's capital cycle. After an intense period of investment in collection centres and in plasma fractionation, purification and production facilities, we believe its margins, cash generation and debt will improve significantly in the next few years.

The appearance of potential substitutes that could compete with some of its immunoglobulin-derived products has afforded us the opportunity to acquire a stake in its capital at what we consider to be attractive prices. If the aforesaid threats do arise, we do not foresee Grifol's possible loss in value being irrecoverable. In other words, at the current prices we are buying into an improvement in profitability in coming years, the good prospects for one of its recent launches (Xembify) and the great potential of other treatments under development (for Alzheimer's) at frankly interesting valuations.

We also want to share with you the case of Informa: one of the top positions in our funds and also one of the hardest hit by the pandemic on the stock market. We invite you to read our comments on this investment case in the section corresponding to on the Bestinver Internacional fund.

The investment team has forged ahead with its work. We continue to build a more balanced portfolio for you, with businesses that complement each other, offering wide margins of security and great upside potential. Fortunately, we have a fantastic team who is still looking for — and finding —great decent businesses at attractive prices. Discipline, diversification and pantry? continue to be our work tools.

This quarter we have invested in three new companies, and increased the weight of practically all those we acquired in April. We have pared back or sold off our positions in those which we did not have so much conviction or whose price had reached their intrinsic value. We are finding value in companies that are not in fashion but are of undeniable quality. GSK is a prime example. Although we are also finding value in companies boasting new business models with hard to replicate competitive advantages that are threatening traditional models, and whose growth is spectacular. HelloFresh is a marvellous example of this. Both the aforementioned companies have a fantastic chance to form part of our capital long term.

We want to own good businesses that are well managed, prudently financed and purchased at attractive prices. Our aim is to provide you with a tool to build up your long-term savings and fulfil your financial goals. We are aware how frustrating things have been recently and we want to convey to you the opportunity the market is offering us at the moment. The opportunity that value investing offers today. An opportunity that we at Bestinver know how to exploit thanks to your our patience and, above all, your trust.

Movements in the portfolio

ADDITIONS	INCREASES
ROSS STORES	ASHTEAD
HELLOFRESH	AMS
INDITEX	GLAXO
GRIFOLS	MERLIN PROPERTIES

EXITS	REDUCTIONS
SOCIETE GENERAL	DASSAULT AVIATION
INDRA	RIO TINTO
ACS	STANDARD CHARTERED
BANKINTER	SAP

Date: 30/09/2020. Source: Bestinver

BESTINVER INTERNACIONAL

Invests globally, although it mainly focuses on listed companies in Europe, excluding Spain and Portugal.

Fund managers

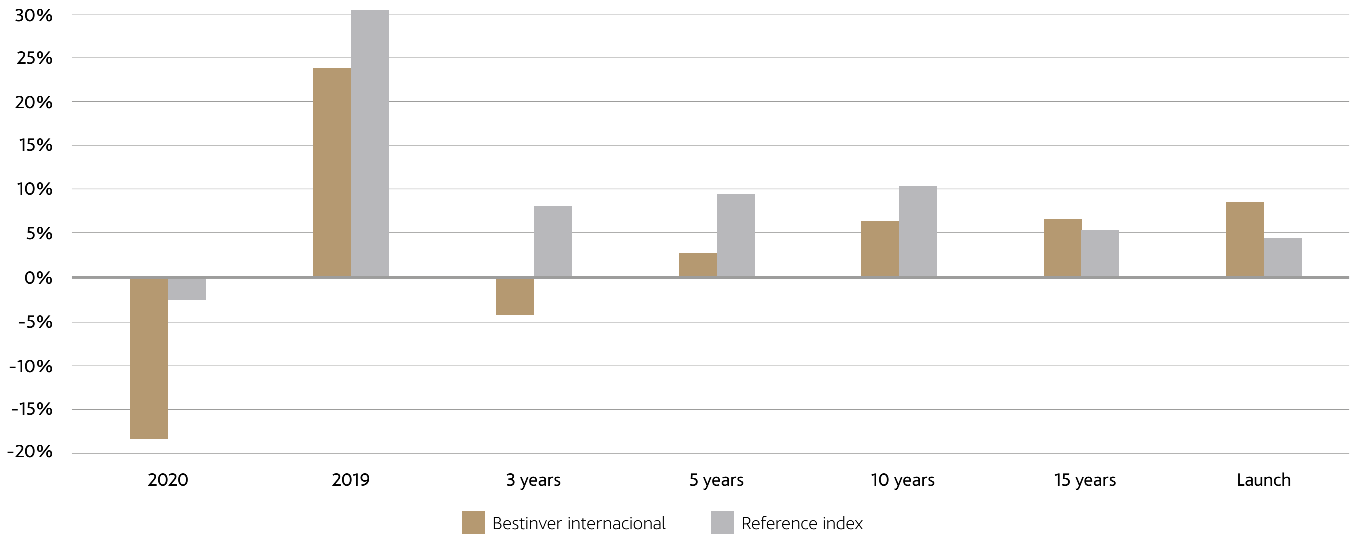
Tomás Pintó
International Equities Director

Jorge Fuentes
International Equities Manager

Table of annualised returns

	2020	2019	3 years	5 years	10 years	15 years	Launch
Bestinver Internacional	**-18,68%**	**23,34%**	**-4,66%**	**2,61%**	**6,54%**	**6,20%**	**8,46%**
Reference index*	-2,65%	30,02%	8,10%	9,39%	9,90%	5,35%	4,34%

Annualised returns

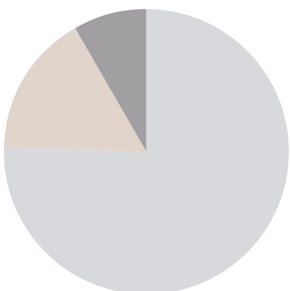


Data as at close of business: 30/09/2020. Source: Bestinver. Periods of more than 1 year at annualised rate. Launch date: 19/11/1997. Since 01/01/2016, the reference index has included net dividends. Past performance is not a guarantee of future returns.
*The index changed on 05/09/2018 and is now the MSCI World NR EUR. The historical return data for the reference index have been calculated taking as a reference the data obtained for the index in force at any given time.
Investments could entail, among others, equity-market risk, interest-rate risk, exchange-rate risk, risk of investing in emerging economies risk, and geographical and sectoral concentration risk.
The full prospectus, periodic reports and KIID for the fund are available at www.bestinver.es and www.cnmv.es.

Investment in this fund is inadvisable for time horizons of less than 5 years.

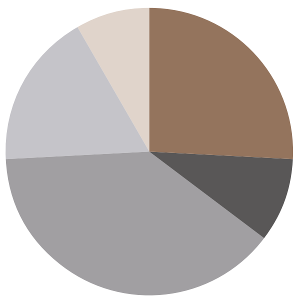
DISTRIBUTION OF THE PORTFOLIO

Geographical distribution



Europe	75,6%
Iberia	0,0%
Other	16,1%
Liquidity	8,3%

Sectoral distribution



Consumer	25,9%
Financial	9,5%
Industrial	39,0%
Communication & Technology	17,3%
Liquidity	8,3%

Main positions by sector

CONSUMER	% OF PORTFOLIO
DELIVERY HERO	4,46%
HELLOFRESH	2,77%
GLAXOSMITHKLINE	2,72%

INDUSTRIAL	% OF PORTFOLIO
RIO TINTO	2,95%
KONECRANES	2,77%
ABB	2,51%

COMMUNICATION & TECHNOLOGY	% OF PORTFOLIO
INFORMA	3,80%
AMS	3,38%
TENCENT HOLDINGS	2,23%

FINANCIAL	% OF PORTFOLIO
BNP PARIBAS	2,00%
ING GROUP	1,71%
STANDARD CHARTERED	1,68%

Manager's round-up

We have posted further gains this quarter since the lows in March. The very slight corrections of European indexes – more pronounced in the Spanish market – were mainly the result of the energy and financial sectors' poor performance. That said, this progress does hide significant sector churn. Sectors most closely linked to the economic cycle have enjoyed major gains, while the more defensive sector, or those best performing since the start of the year, have suffered price falls.

Cyclical companies have once again been a welcome surprise in terms of cash generation; a pattern we saw between 2008 and 2010. This is due to the nature of their working capital (they stop producing and start consuming stock) but also the ability to streamline their costs and workforces thanks to far more flexible labour laws than in the past. One outcome of the crisis during the first half of the decade is that companies (and authorities) have become slightly quicker to react and adapt to change. This dynamic is evident in companies in our portfolio such as ABB, Konecranes, Ashtead and HeidelbergCement.

The automotive sector deserves special mention, which was already tipping towards a recession before Covid-19 hit. The continual tightening of EU regulations to curb harmful emissions has been a massive challenge for manufacturers, who have had to invest very heavily to reduce the environmental impact of their cars at a time of a significant slump in demand.

Somewhat confused by the championing and subsequent demonisation of diesel and expectant about the current technological transition to electrification, buyers have delayed their purchases. Obviously, Covid-19 has only worsened this situation. Now, it should be remembered that this demand is still there, parked to one side, and that sooner or later it will need to be met, especially given the age of Europe's fleet of cars and the punitive laws in terms of taxes and restrictions on the use of polluting vehicles. Having experienced and talented analysts such as Colin Gibson and Carlos Arenillas help us navigate through and put into perspective the current circumstances.

What we can say is that with BMW and Faurecia – two of our investments in the sector – we are seeing an incipient but clear resurgence in their business. The launch of new electric models and proliferation of public grants to encourage buyers to change their vehicles are, in our opinion, the start of an upward trend that should continue over the years ahead.

As we said in the prologue to this report, the major fiscal and monetary stimuli rolled out since the start of the pandemic are making a difference, and the economic rebound continued to gain traction over the summer months.

Nevertheless, bond yields have remained at an all-time low, causing the financial sector (which is heavily affected by the economic cycle and should reflect the notably brighter outlook) to suffer significant falls over the quarter, with prices reaching the minimums seen in March.

At the end of July, the European Central Bank announced the findings of its analysis of the banking sector's vulnerability due to the current crisis. One of the most important conclusions, in our opinion, is the forecast that the sector will generate very low profits in the coming years. Specifically, the ECB estimates that in 2020 profits will only equate to a third of those posted in 2019, despite a considerable improvement in NPL ratios in 2021 and the expectation that credit quality will not decline in the future. The regulator is of the opinion that the cause of this pending disaster is a persistent challenging environment in which to generate revenue and for intermediation margins. The good news is that despite the severity of the economic contraction, the potential deterioration in the sector's capital position is pretty manageable. As explained at the start, industrial companies came out of the last crisis stronger and it is certain that the regulatory reforms over the last ten years have boosted the solvency of what is a key sector for the normal functioning of the economy.

As you will be aware, we have gradually reduced our expose to this sector. It is true that a problem concerning the bottom line has nothing to do with one affecting the balance sheet (although over time, one does begin to affect the other) and therefore banks are far more "investible" today than a decade ago. That said, the pandemic has made the rules of play tougher. The inevitable prolongation of this cycle of zero rates has an enormous effect on banks' profitability and makes it far harder for them to turn a profit and accumulate capital. Aware of this, regulators have prohibited the payment of dividends until things return to normal, (temporarily) halting with one fell swoop one of the mainstays of the thesis of investing in banks on the old continent.

It is clear that their prices have plunged dramatically over the last year, but so has their margin of safety. The very nature of the current crisis makes it extremely difficult to see these dynamics changing course. The financial institutions in our portfolio have sufficiently robust capital positions to be able to survive a long period of uncertainty and, above all, their business models allow them to generate revenues even in the current interest rate environment. Consequently, they are still able to pay out attractive dividends when the regulator lifts the current prohibition.

We also want to share the case of Informa with you: one of the top positions in our funds and also one of the hardest hit by the pandemic on the stock market. As you can imagine, the last few months have not been easy for the company. A reminder that in the main, two-thirds of its business comes from organising international trade fairs and exhibitions – where it is a clear sector leader – and the remaining third from its editorial arm that produces academic and business publications. The first is more cyclical in nature, has a very attractive growth profile but has been battered by the pandemic due to the face-to-face nature of its business. The second is growing less but is predictable and stable thanks to its subscription model. They both complement the other well.

Although Informa has been able to run some face-to-face events in China and many others on-line globally, and its editorial arm has continued to perform relatively well, the company has been unable to avoid a big drop in revenue equivalent to one or two lost years in terms of cash flow and profit generation. Operating leverage is this cruel, irrespective of the management team's herculean effort to cut costs.

It is important to note that when valuing a business, one or two years of cash flow carries little weight (approximately 5-10%). During circumstances such as those we are living through today, our time horizon, patience and philosophy, at the end of the day, give us a competitive advantage that we know how to and must exploit.

The risks have obviously not gone away. In this regard, it is hard to know if the sector will change structurally and there will be a permanent reduction in business trips and face-to-face trade fairs in forthcoming years. This is certainly not our experience. In China, where the influence of the pandemic is already very small, the trade fairs held have recorded attendance levels of around 70-90% compared to last year, and this decrease in attendance has solely been due to a lack of foreign visitors. It must be reiterated that we are talking about a strategic sector, championed and supported by cities and countries that see trade fairs and events as an opportunity to develop their industrial fabric, commerce and, of course, tourist.

It is important to note that Informa has shored up its balance sheet, increasing its capital and issuing bonds at very favourable rates, thereby extending the duration and reducing the cost of its debt. We do not know when international borders will reopen or when we will see economies returning to normal but we do know that when this happens, Informa is in pole position to benefit from the expected recovery. Circumstantially, because operating leverage, with a smaller cost base, is no longer cruel and becomes a very powerful driver. Structurally, because this crisis has caused some of the company's competitors to fail, whereby its leadership and competitive advantages (its value) will be far stronger in the long term.

These expectations are not baked into Informa's share price, nor is its clear operational improvement or the lack of debt maturities in the next five years or, of course, normalised cash generation of around EUR 600-700 million compared to a market value of approximately EUR 6.8 billion. Bestinver believes owning a structurally attractive business, which offers close to double-digit returns and is growing in line with global GDP is a frankly attractive proposal for our capital.

The investment team has forged ahead with its work. We continue to build a more balanced portfolio for you, with businesses that complement each other, offering wide margins of security and great upside potential. Fortunately, we have a fantastic team who will continue to look for and find decent businesses at attractive prices. Discipline, diversification and accumulated know-how are still our work tools.

This quarter we have invested in three new companies, and increased the weight of practically all those we acquired in April. We have pared back or sold off our positions in those that failed to convince so much or whose price had reached their intrinsic value. We are finding value in companies that are not in fashion but are of undeniable quality. GSK is a prime example. Although we are also finding value in companies with new business models that have hard to replicate competitive advantages and are threatening traditional models, whose growth is spectacular. HelloFresh is a marvellous example of this. Both the aforementioned companies have a fantastic chance to form part of our capital long term.

We want to own decent businesses that are well managed, prudently financed and purchased at attractive prices. Our aim is to provide you with a tool to build up your long-term savings and fulfil your financial goals. We are aware how frustrating things have been recently and we want to emphasise to you the opportunity the market is offering us at the moment. An opportunity that allows for value investing today. An opportunity that we at Bestinver know how to exploit thanks to our patience and, above all, your faith in us.

Movements in the portfolio

ADDITIONS	INCREASES
ROSS STORES HELLOFRESH	ASHTEAD AMS GLAXO ESSILOR
EXITS	**REDUCTIONS**
SOCIETEGENERALE	DASSAULT AVIATION RIO TINTO STANDARD CHARTERED SAP

Date: 30/09/2020. Source: Bestinver

BESTVALUE

Invests in global equities, especially in European companies.

Fund managers

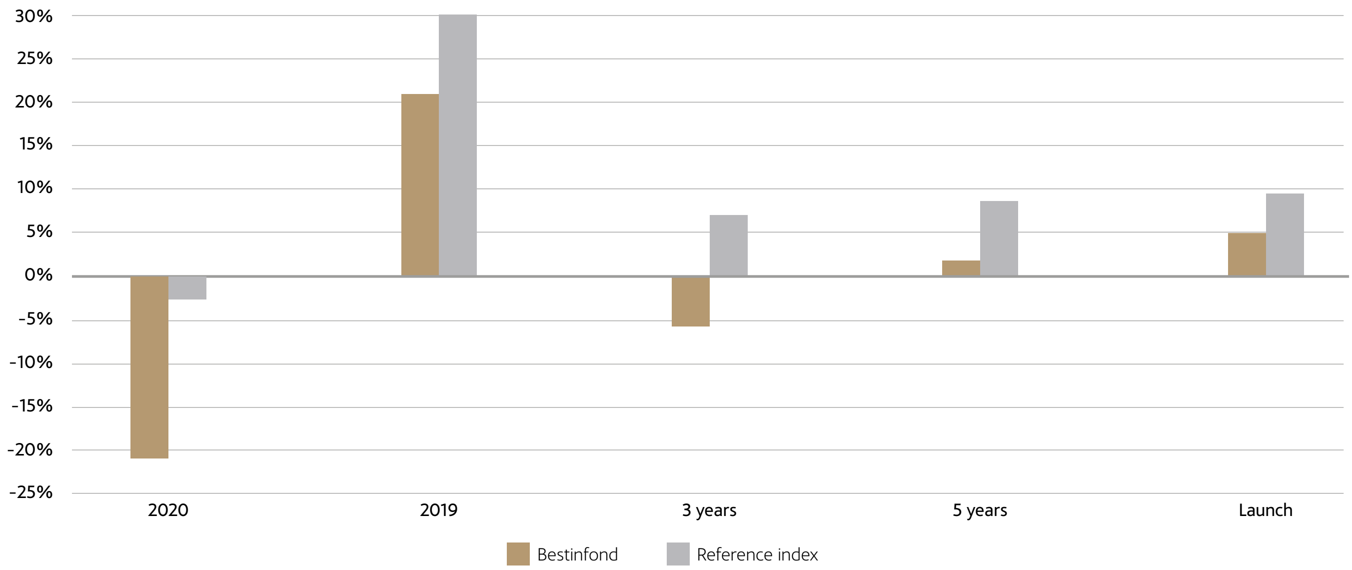
Tomás Pintó
International Equities Director

Jorge Fuentes
International Equities Manager

Table of annualised returns

	2020	2019	3 years	5 years	Launch
Bestvalue	**-20,86%**	**20,95**	**-5,87%**	**1,71%**	**4,81%**
Index (70% IGBM / 30% PSI)	-2,65%	30,02%	7,10%	8,92%	9,28%

Annualised returns

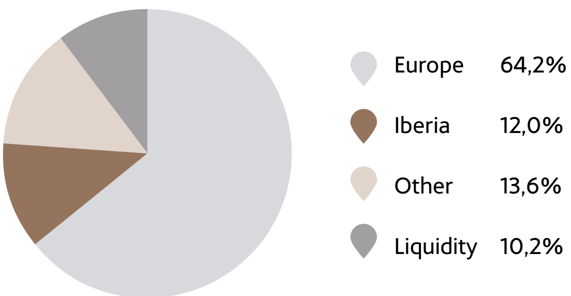


Figures as at close of business: 30/09/2020. Source: Bestinver. Periods of more than 1 year at annualised rate. Launch date: 02/12/2010. Since 01/01/2016, the reference index has included net dividends. Past performance is not a guarantee of future returns.
*The index changed on 05/09/2018 and is now the MSCI World NR EUR. The historical return data for the reference index have been calculated taking as a reference the data obtained for the index in force at any given time.
Investments could entail, among others, equity-market risk, interest-rate risk, exchange-rate risk, risk of investing in emerging economies risk, and geographical and sectoral concentration risk.
The full prospectus, periodic reports and KIID for the fund are available at www.bestinver.es and www.cnmv.es.

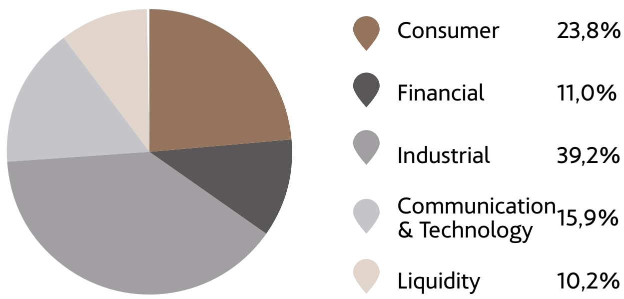
Investment in this fund is inadvisable for time horizons of less than 5 years.

DISTRIBUTION OF THE PORTFOLIO

Geographical distribution



Sectoral distribution



Main positions by sector

CONSUMER	% OF PORTFOLIO
DELIVERY HERO	3,78%
HELLOFRESH	2,31%
GLAXOSMITHKLINE	2,30%

INDUSTRIAL	% OF PORTFOLIO
RIO TINTO	2,49%
KONECRANES	2,36%
ABB	2,09%

COMMUNICATION & TECHNOLOGY	% OF PORTFOLIO
INFORMA	3,24%
AMS	2,84%
TENCENT HOLDINGS	1,88%

FINANCIAL	% OF PORTFOLIO
BNP PARIBAS	1,67%
ING GROUP	1,45%
STANDARD CHARTERED	1,41%

Manager’s round-up

We have posted further gains this quarter since the lows in March. The very slight corrections of European indexes – more pronounced in the Spanish market – were mainly the result of the energy and financial sectors’ poor performance. That said, this progress does hide significant sector churn. Sectors most closely linked to the economic cycle have enjoyed major gains, while the more defensive sector, or those best performing since the start of the year, have suffered price falls.

Cyclical companies have once again been a welcome surprise in terms of cash generation; a pattern we saw between 2008 and 2010. This is due to the nature of their working capital (they stop producing and start consuming stock) but also the ability to streamline their costs and workforces thanks to far more flexible labour laws than in the past. One outcome of the crisis during the first half of the decade is that companies (and authorities) have become slightly quicker to react and adapt to change. This dynamic is evident in companies in our portfolio such as ABB, Konecranes, Ashtead and HeidelbergCement.

The automotive sector deserves special mention, which was already tipping towards a recession before Covid hit. The continual tightening of EU regulations to curb harmful emissions has been a massive challenge for manufacturers, who have had to invest very heavily to reduce the environmental impact of their cars at a time of a significant slump in demand.

Somewhat confused by the championing and subsequent demonisation of diesel and expectant about the current technological transition to electrification, buyers have delayed their purchases. Obviously, Covid has only worsened this situation. However, it should be remembered that this demand is still there, parked to one side, and that sooner or later it will need to be met, especially given the age of Europe’s fleet of cars and punitive laws in terms of taxes and restrictions on the use of polluting vehicles. Having experienced and talented analysts such as Colin Gibson and Carlos Arenillas help us navigate through and put into perspective the current circumstances.

What we can say is that with BMW and Faurecia – two of our investments in the sector – we are seeing an incipient but clear resurgence in business. The launch of new electric models and proliferation of public grants to encourage buyers to change their vehicles are, in our opinion, the start of an upward trend that should continue over the years ahead.

As we said in the prologue to this report, the major fiscal and monetary stimuli rolled out since the start of the pandemic are making a difference, and the economic rebound continued to gain traction over the summer months. Nevertheless, bond yields have remained at an all-time low, causing the financial sector (which is heavily affected by the economic cycle and should reflect the notably brighter outlook) to suffer significant falls over the quarter, with prices reaching the minimums seen in March.

At the end of July, the European Central Bank announced its findings of its analysis of the banking sector's vulnerability due to the current crisis. One of the most important conclusions, in our opinion, is the forecast that the sector will generate very low profits in the coming years. Specifically, the ECB estimates that in 2020 profits will only equate to a third of those posted in 2019 a considerable improvement in NPL ratios in 2021 and the expectation that credit quality will not decline in the future. The regulator is of the opinion that the cause of this pending disaster is a persistent challenging environment in which to generate revenue and for intermediation margins. The good news is that despite the severity of the economic contraction, the potential deterioration in the sector's capital position is pretty manageable. As explained at the start, industrial companies came out of the last crisis stronger and it is certain that the regulatory reforms over the last ten years have boosted the solvency of what is a key sector for the normal functioning of the economy.

As you will be aware, we have gradually reduced our expose to this sector. It is true that a problem concerning the bottom line has nothing to do with one affecting the balance sheet (although over time, one does begin to affect the other) and therefore banks are far more "investible" today than a decade ago. That said, the pandemic has made the rules of play tougher. The inevitable prolongation of this cycle of zero rates has an enormous effect on banks' profitability and makes it far harder for them to turn a profit and accumulate capital. Aware of this, regulators have prohibited the payment of dividends until things return to normal, (temporarily) halting with one fell swoop one of the mainstays of the thesis of investing in banks on the old continent.

It is clear that their prices have plunged dramatically over the last year, but so has their margin of safety. The very nature of the current crisis makes it extremely difficult to see these dynamics changing course. The financial institutions in our portfolio have sufficiently robust capital positions to be able to survive a long period of uncertainty and, above all, their business models allow them to generate revenues even in the prevailing interest rate environment. Consequently, they are still able to pay out attractive dividends when the regulator lifts the current prohibition.

We would also like to share with you two new ideas we have included in the fund this quarter: Grifols and EDPR.

Grifols operates in an oligopolistic market and has extremely attractive fundamentals. It is enjoying major growth in demand for plasma derivatives to treat chronic diseases and is protected by barriers to entry that are extremely difficult to breach. Grifols is a clear case of an opportunity to invest following the company's capital cycle. After a period of intense investment in collection centres and fractionation, purification and plasma production facilities, we believe its margins, cash generation and debt will improve significantly in the next few years.

The launch of potential substitutes that could compete with some of its haemoglobin derivatives has afforded us the opportunity to acquire a stake in its capital at what we consider to be attractive prices. If the aforesaid threats do arise, we do not foresee Grifol's possible loss in value being irrecoverable. In other words, at the current prices we are buying into an improvement in profitability in coming years, the decent prospects for one of its recent launches (Xembify) and the massive potential of other treatments under development (for Alzheimer's) at frankly interesting prices.

Meanwhile, EDPR, the renewables subsidiary of the Portuguese electric utility, EDP and one of the key players globally in the electricity generation infrastructure operations and development business, boasts over 11 GW of installed capacity, primarily wind and solar, and has a notable geographical presence in North America, the Iberian Peninsula and Trading at approximately 11x EBITDA, the valuation may appear demanding but we think this does not reflect the fantastic opportunity it has to grow as part of the ecological transition or the effect of structural compression on its cost of capital. Its dynamic asset turnover also provides additional guarantees about this undervaluation because, consistently, we have seen transaction prices some 20-25% above what its current capitalisation is implicitly discounted by.

We also want to share the case of Informa with you: one of the top positions in our funds and also one of the hardest hit by the pandemic on the stock market. We invite you to read our comments on this investment case in the section on the Bestinver Internacional fund.

The investment team has forged ahead with its work. We continue to build a more balanced portfolio for you, with businesses that complement each other, offering wide margins of security and great upside potential. Fortunately, we have a fantastic team who will continue to look for and find decent businesses at attractive prices. Discipline, diversification and accumulated know-how are still our work tools.

This quarter we have invested in three new companies increased the weight of practically all those we acquired in April. We have pared back or sold off our positions in those that failed to convince so much or whose price had reached their intrinsic value. We are finding value in companies that are not in fashion but are of undeniable quality. GSK is a prime example. Although we are also finding value in companies boasting new business models with hard to replicate competitive advantages that are threatening traditional models, whose growth is spectacular. HelloFresh is a marvellous example of this. Both the aforementioned companies have a fantastic chance to form part of our capital long term.

We want to own decent businesses that are well managed, prudently financed and purchased at attractive prices. Our aim is to provide you with a tool to build up your long-term savings and fulfil your financial goals. We are aware how frustrating things have been recently and we want to emphasise to you the opportunity the market is offering us at the moment. An opportunity that allows for value investing today. An opportunity that we at Bestinver know how to exploit thanks to our patience and, above all, your faith in us.

Latin America. It is very efficiency managed and has a track record of running its operations impeccably. The growth in and visibility of its earnings are high thanks to its youthful portfolio and very well-defined investment plans.

Movements in the portfolio

ADDITIONS	INCREASES
ROSS STORES HELLOFRESH GRIFOLS EDPR NATURGY	ASHTEAD AMS GLAXO ESSILOR
EXITS	**REDUCTIONS**
SOCIETEGENERAL SABADELL REPSOL	DASSAULT AVIATION RIO TINTO STANDARD CHARTERED SAP

Date: 30/09/2020. Source: Bestinver

BESTINVER BOLSA

Invests in listed companies in Spain and Portugal.

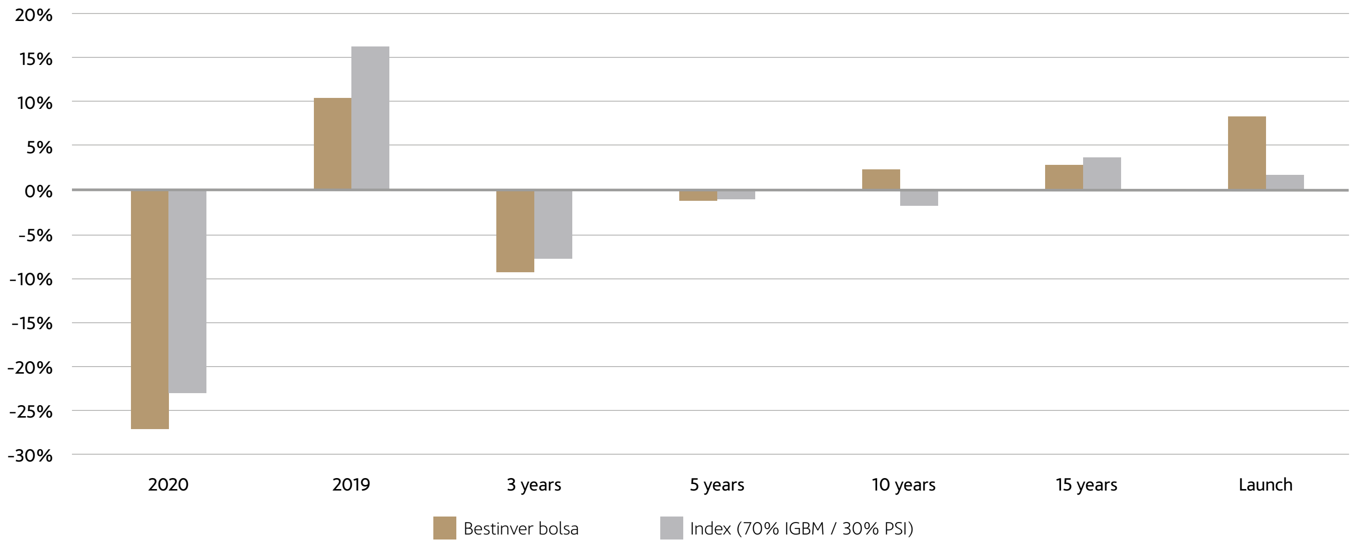
Fund managers

Ricardo Seixas
Iberian Equities
Director

Table of annualised returns

	2020	2019	3 years	5 years	10 years	15 years	Launch
Bestinver Bolsa	**-27,30%**	**10,51%**	**-9,60%**	**-1,21%**	**2,32%**	**3,06%**	**8,44%**
Index (70% IGBM / 30% PSI)	-23,18%	16,40%	-7,72%	-1,24%	-1,69%	3,81%	1,89%

Annualised returns

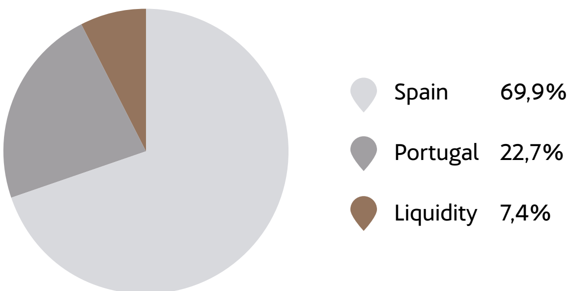


Data as at close of business: 30/09/2020. Source: Bestinver. Periods of more than 1 year at annualised rate. Launch date: 01/12/1997. Since 01/01/2016, the reference index has included net dividends. Past performance is not a guarantee of future returns.
Investments could entail, among others, equity-market risk, interest-rate risk, exchange-rate risk, and geographical and sectoral concentration risk. The full prospectus, periodic reports and KIID for the fund are available at www.bestinver.es and www.cnmv.es.

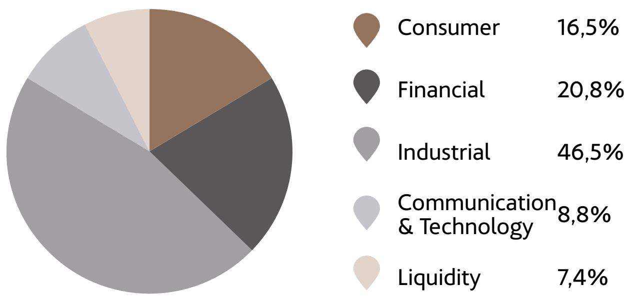
Investment in this fund is inadvisable for time horizons of less than 5 years.

DISTRIBUTION OF THE PORTFOLIO

Geographical distribution



Sectoral distribution



Main positions by sector

CONSUMER	% OF PORTFOLIO
IBERSOL	5,05%
LABORATORIOS FARMAC. ROVI	4,32%
GRIFOLS	2,86%

INDUSTRIAL	% OF PORTFOLIO
GALP	4,31%
ARCELORMITTAL	4,16%
SEMAPA	3,63%

COMMUNICATION & TECHNOLOGY	% OF PORTFOLIO
EUSKALTEL	3,15%
CELLNEX TELECOM	3,12%
NOS	2,48%

FINANCIAL	% OF PORTFOLIO
CAIXABANK	5,55%
UNICAJA BANCO	4,93%
BANKINTER	3,82%

Manager's round-up

Over the last quarter, Ricardo Seixas and his team have picked up the reins of Bestinver Bolsa, F.I. Ricardo has more than 26 years' experience managing Iberian equity funds that have consistently obtained among the best classifications in its group of comps. The team works together, investing pursuant to the same values in which Bestinver bases its investment process: fundamental analysis, risk management and investment term. Bestinver's brilliant team of analysts has now been joined by four new members dedicated solely to analysing the Iberian market, which we expect will boost this differential value we look for on behalf of our investors.

We would like to spotlight EDPR as an example of the new additions we have made to our portfolio over the quarter. EDPR is the renewables subsidiary of the Portuguese electric utility EDP, and one of the key players globally in the electricity generation infrastructure operations and development business. It boasts over 11 GW of installed capacity (primarily wind and solar) and has a notable geographical presence in North America, the Iberian Peninsula and Latin America.

It is very efficiency managed and has a track record of running its operations impeccably. The growth in and visibility of its earnings are high thanks to its youthful portfolio and very well-defined investment plans. Trading at approximately 11x EBITDA, the valuation may appear demanding but we think this does not reflect the fantastic opportunity it has to grow as part of the ecological transition or the effect of squeeze-out on its cost of capital. Its dynamic asset turnover also provides us with additional guarantees about its undervaluation because we have consistently seen transaction prices some 20-25% above what its current capitalisation is implicitly discounted by.

We also believe that the investment and growth objectives for EDPR will be revised upwards in the forthcoming update of the strategic plan of EDPR's parent company. In this respect, it is worth remembering that a potential streamlining of the group's shareholder structure is still on the cards. EDP already launched a public tender offer for EDPR in 2017, and given its shift towards renewable energies, we believe this makes increasing sense in the current situation. EDPR constitutes around 60% of EDP's value and absorbs close to 80% of its growth capex. We are of the opinion that it is not very sustainable to maintain two listed vehicles to capture the additional value creation of just one business.

Movements in the portfolio

ADDITIONS	INCREASES
NATURGY EDPR	CAIXABANK
EXITS	**REDUCTIONS**
SABADELL REPSOL	TÉCNICAS REUNIDAS

Date: 30/09/2020. Source: Bestinver

BESTINVER GRANDES COMPAÑÍAS (BESTINVER LARGE COMPANIES)

Focuses on our selection of large companies. Reflects all of our investment ideas.

Fund managers

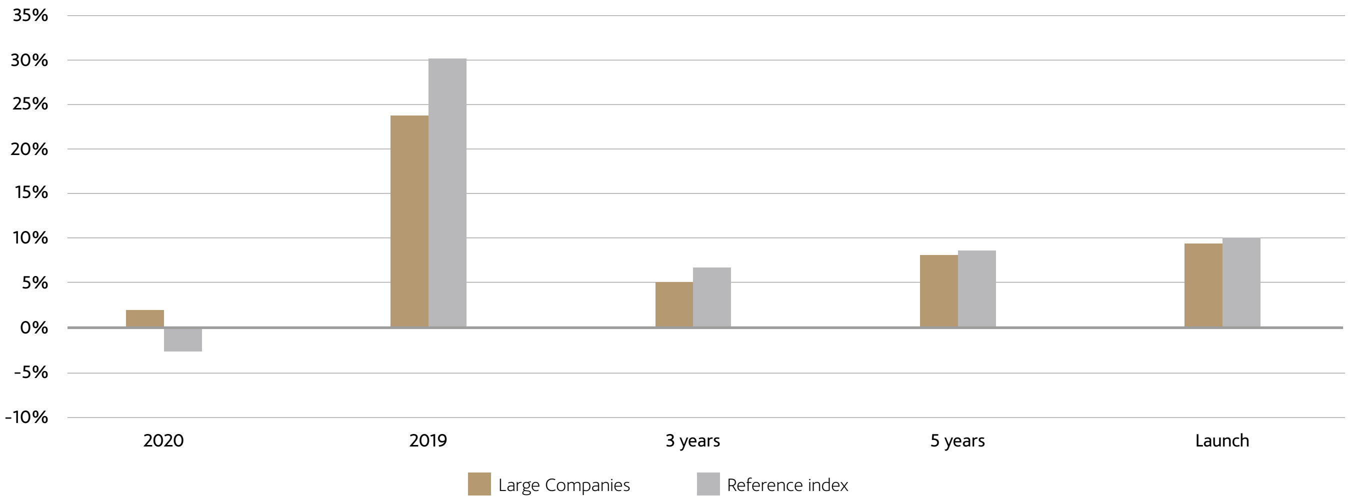
Tomás Pintó
International Equities Director

Carlos Arenillas
Industrial Sector Analyst Co-manager of Large Companies

Table of annualised returns

	2020	2019	3 years	5 years	Launch
Bestinver Grandes Compañías	**2,05%**	**23,37%**	**4,98%**	**8,05%**	**9,37%**
Reference index*	-2,65%	30,02%	6,65%	8,64%	10,12%

Annualised returns

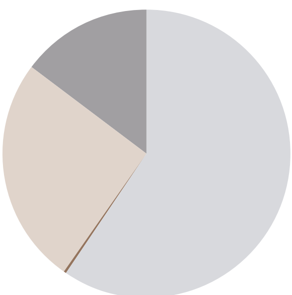


Data as at close of business: 30/09/2020. Source: Bestinver. Periods of more than 1 year at annualised rate. Launch date: 19/12/2011. Since 01/01/2016, the reference index has included net dividends. Past performance is not a guarantee of future returns.
*The index changed on 05/09/2018 and is now the MSCI World NR EUR. The historical return data for the reference index have been calculated taking as a reference the data obtained for the index in force at any given time.
Investments could entail, among others, equity-market risk, interest-rate risk, exchange-rate risk, risk of investing in emerging economies risk, and geographical and sectoral concentration risk.
The full prospectus, periodic reports and KIID for the fund are available at www.bestinver.es and www.cnmv.es.

Investment in this fund is inadvisable for time horizons of less than 5 years.

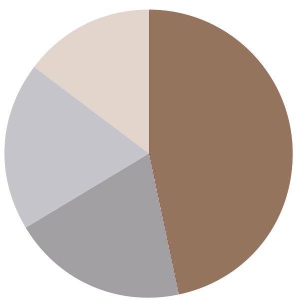
DISTRIBUTION OF THE PORTFOLIO

Geographical distribution



- Europe 59,5%
- Iberia 0,4%
- Other 25,6%
- Liquidity 14,5%

Sectoral distribution



- Consumer 46,8%
- Financial 0,0%
- Industrial 19,6%
- Communication & Technology 19,1%
- Liquidity 14,5%

Main positions by sector

CONSUMER	% OF PORTFOLIO
DELIVERY HERO	4,17%
ALIBABA GROUP HOLDING-SP	3,93%
CONVATEC GROUP	3,55%

INDUSTRIAL	% OF PORTFOLIO
SCHINDLER HOLDING	4,41%
AIR LIQUIDE	3,53%
ATLAS COPCO	3,51%

COMMUNICATION & TECHNOLOGY	% OF PORTFOLIO
WOLTERS KLUWER	3,57%
TENCENT HOLDINGS	3,25%
RELX	2,89%

Manager's round-up

Bestinver Grandes Compañías seeks to invest in extraordinary companies at reasonable prices guided by the investment team's fundamental analysis. By extraordinary businesses we mean those that combine robust corporate governance with a business model that offers long-lasting competitive advantages, i.e. with attractive returns that can be sustained over time. Preferably, we are looking for companies backed by a major shareholder that provides a long-term investment horizon.

We work hard to identify this type of business and when we find them, we look at whether their valuation is reasonable. Even if a company's valuation appeared attractive, we would never invest in it if it were not of the quality we demand.

Nike, of which we are shareholders, is a prime example of a company that perfectly fulfils these pre-requisites. The management team invests billions a year in sponsoring the best athletes around the world and is developing a digital sales strategy that enables it to have direct contact with end customers. Its goal is to protect the brand's value without putting itself at the mercy of giants such as Amazon. Its founder, Phil Knight, continues to have a significant influence in the company and his long-term vision still permeates the organisation. We invite you to read his autobiography "Shoe Dog" to gain a better understanding of what we have said.

Another example, this time in the industrial sector, is Atlas Copco. Its products are indispensable components for the functioning of a vast array of industrial machinery used across all sectors. It has a highly recurrent business model because its products – primarily compressors and vacuum pumps – wear out quickly and need to be continuously replaced. Its strategy is based on controlling distribution and investing more than anyone else in R&D, protecting its margins and making its products stand out.

Once we acquire a stake in this type of company, patience becomes one of our allies, enabling us to benefit from its high returns and compound growth in its profits for many years. As one would expect, our portfolio has little churn.

Movements in the portfolio

ADDITIONS	INCREASES
LEGRAND HELLOFRESH	SCHINDLER
EXITS	**REDUCTIONS**
DIAGEO	DASSAULT

Date: 30/09/2020. Source: Bestinver

BESTINVER LATAM

Equity investment fund that primarily invests in Latin America.

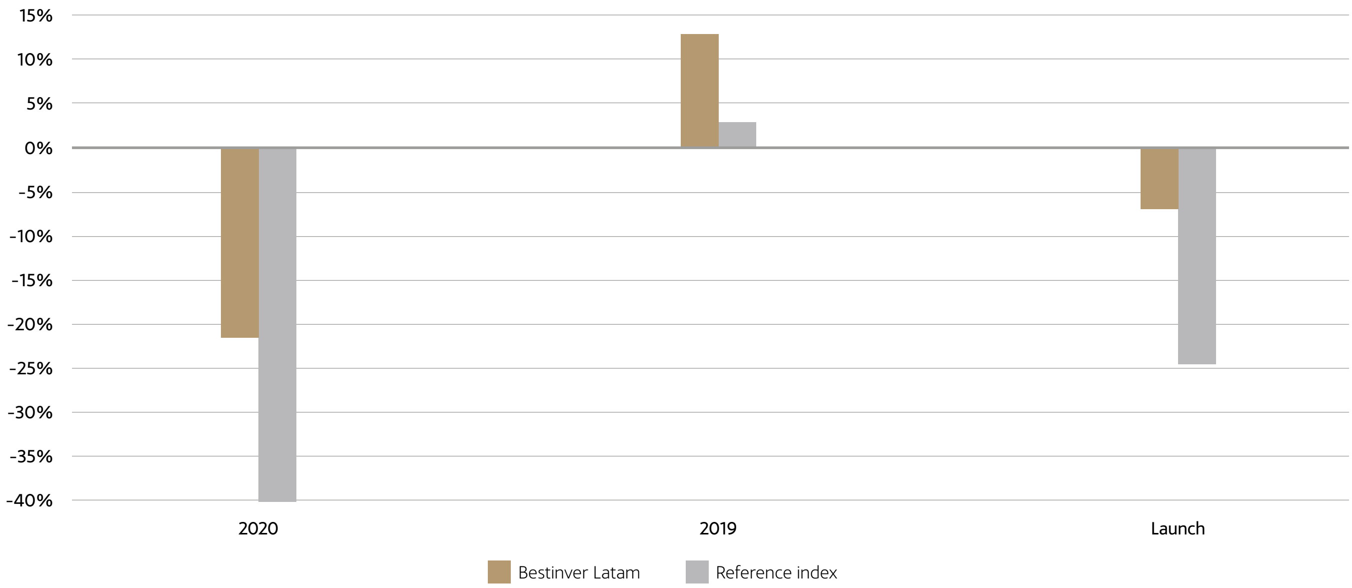
Fund managers

Ignacio Arnau
Bestinver Latam Manager

Table of annualised returns

	2020	2019	Launch
Bestinver Latam	**-21,30%**	**12,66%**	**-6,83%**
SP LATIN AMERICA 40NR	-39,95%	2,90%	-24,66

Annualised returns

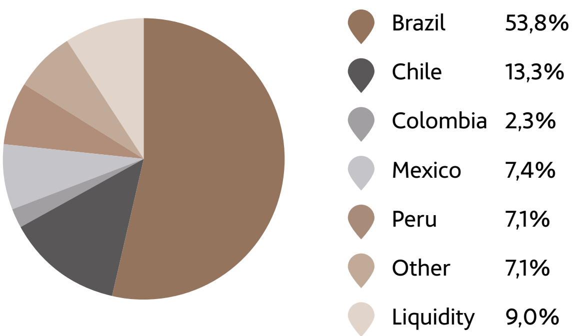


Figures as at close of business: 30/09/2020. Source: Bestinver. Launch date: 18/01/2019. Past performance is not a guarantee of future returns. The full prospectus, periodic reports and KIID for the fund are available at www.bestinver.es and www.cnmv.es.
Investments could entail, among others, equity-market risk, interest-rate risk, exchange-rate risk, risk of investing in emerging economies risk, and geographical and sectoral concentration risk.

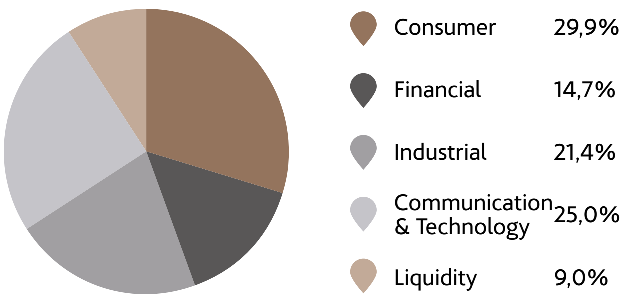
Investment in this fund is inadvisable for time horizons of less than 7 years.

DISTRIBUTION OF THE PORTFOLIO

Geographical distribution



Sectoral distribution



Main positions by sector

CONSUMER	% OF PORTFOLIO
VIA VAREJO	6,24%
CIA BRASILEIRA	3,80%
ARCOS DORADOS HOLDINGS	2,75%

INDUSTRIAL	% OF PORTFOLIO
CIA SUD AMERICANA DE VAPORES	3,76%
COMPANHIA DE LOCACAO DAS AME	2,86%
QUIMICA Y MINERA DE CHILE	2,69%

COMMUNICATION & TECHNOLOGY	% OF PORTFOLIO
ARCO PLATAFORMA	7,23%
LOCAWEB SERVICOS DE INTERNET	5,37%
LINX	4,08%

FINANCIAL	% OF PORTFOLIO
PAGSEGURO DIGITAL	3,42%
BANCO DO BRASIL ON	3,25%
MRV ENGENHARIA E PARTICIPACOES	2,49%

Manager's round-up

Bestinver Latam follows the same investment process and philosophy as the company's other international equity funds. Drawing on the support of our large analysis team, we are able to contextualise the real position of the companies in our universe from an overarching perspective. This undoubtedly represents one of the greatest competitive advantages of our fund. Investing in Latin America from Madrid is also a major competitive advantage because it enables us to insulate ourselves from the noise and focus on what is really important.

The strategy is to invest in Brazil, Mexico, Chile, Colombia and Peru with the aim of being very different from the reference indexes and other investment alternatives in the region – all highly exposed to commodities, infrastructures and banking. Our attention is primarily centred on all aspects related with consumption and the expansion of the middle classes in these countries.

The quarter has been characterised by fears about a possible resurgence of the pandemic and the perceived macroeconomic fragility of the region, which has caused its main indexes to lose ground. Bestinver Latam, on the other hand, was able to end the quarter up +2% compared to the 6% slump in the S&P Latin America index. This success mainly stemmed from our investments in companies such as Locaweb, Linx, Locamérica, OI and Cemex Latam. We have been able to tap into their decent performance to generate gains on several of these positions and recycle them in others with greater potential, as in the case of one of our favourite investments in recent times: Arco Plataforma: a digital learning content and software provider in Brazil. This type of churn is part of our risk management strategy and we consider it is a basic tool for boosting the robustness of and returns on the long-term portfolio.

The fund currently has positions in 35 companies that, in our opinion, are the best investment opportunities in the region. One of these great opportunities we identified recently: Emprendimientos Pague Menos, a leading chain of pharmacies in the north and north east of Brazil founded and controlled by the Queirís family. It is magnificently managed by a top-notch management team and General Atlantic is a member of its board, which reaffirms the case for our investment.

Our strategy has been in place now for three years – a major milestone for any investment fund – and has generated very decent results. We have outperformed our reference indexes by over 40% during this time, and were recently named the best Latin American equity fund in the world. Achieving this status, which is a privilege we accept with humility and a sense of responsibility, has only been possible thanks to your faith in us. Faith that we hope to repay you for with by achieving the same goals as always: to find companies that are undervalued and enable us to post decent returns in the long term.

Movements in the portfolio

ADDITIONS	INCREASES
EMPREENDIMIENTOS PAGUE MENOS	ARCO

EXITS	REDUCTIONS
BANCOLOMBIA	LOCAWEB
ECOPETROL	TOTVS
GRUPO SURA	PAGS
	LOCAMERICA

Date: 30/09/2020. Source: Bestinver

BESTINVER MEGATENDENCIAS

Bestinver Megatendencias will invest in three areas: T1 - Improving quality of life, future consumer habits in health, food and leisure, T2 - The digital transformation and automation of the economy and productivity improvement processes, and T3 - The decarbonisation of the economy and caring for and protecting our environment.

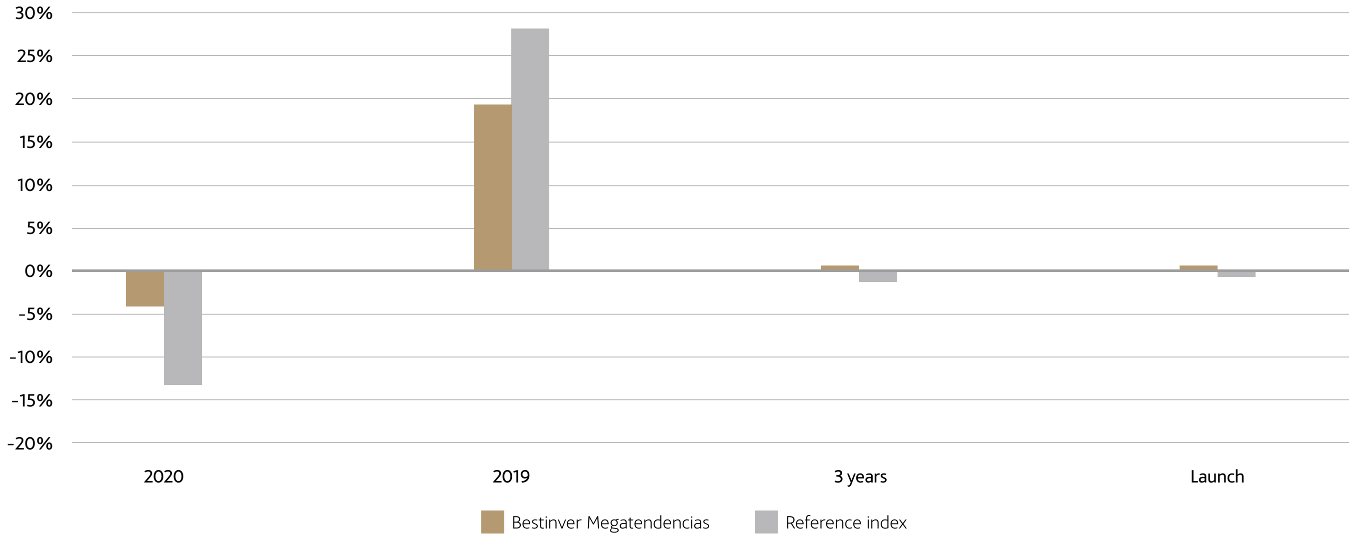
Fund managers

Álvaro Llanza
Bestinver Megatendencias Manager

Table of annualised returns

	2020	2019	3 years	Launch
Bestinver Megatendencias	**-4,27%**	**19,30%**	**0,27%**	**0,41%**
SX5T NET RETURN index	-13,11%	28,20%	-1,44%	-0,81%

Annualised returns

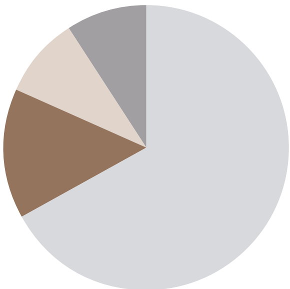


Data as at close of business: 30/09/2020. Source: Bestinver. Launch date: 16/06/2017. Periods of more than 1 year at annualised rate. Past performance is not a guarantee of future returns.
Investments could entail, among others, equity-market risk, interest-rate risk, exchange-rate risk, risk of investing in emerging economies risk, and geographical and sectoral concentration risk.
The full prospectus, periodic reports and KIID for the fund are available at www.bestinver.es and www.cnmv.es.

Investment in this fund is inadvisable for time horizons of less than 5 years.

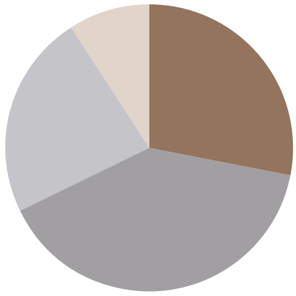
DISTRIBUTION OF THE PORTFOLIO

Geographical distribution



Europe	67,0%
Iberia	14,8%
Other	9,3%
Liquidity	8,9%

Sectoral distribution



Consumer	28,2%
Financial	0,0%
Industrial	39,8%
Communication & Technology	23,2%
Liquidity	8,9%

Main positions by sector

CONSUMER	% OF PORTFOLIO
PUMA	3,72%
KERING	3,43%
CARREFOUR	3,30%

INDUSTRIAL	% OF PORTFOLIO
EDP RENOVAVEIS	5,13%
SIEMENS	4,13%
SVENSKA CELLULOSA	3,54%

COMMUNICATION & TECHNOLOGY	% OF PORTFOLIO
STMICROELECTRONICS	3,49%
AMS	3,29%
SAP	3,21%

Manager's round-up

Bestinver Megatendencias is a European thematic equity fund that invests in companies involved in long-term structural trends. Leading companies, with good governance, solid balance sheets and stand-out products that offer higher-than-average potential growth. The fund's strategy favours business models that we deem to be sustainable and socially responsible. It is a socially responsible investment fund, acquiring stakes in companies that adhere to the United Nation's Sustainable Development Goals.

The fund's investment strategy revolves around three main megatrends:

1) "Future consumption habits", making up 40% of the portfolio and involving investments in companies dedicated to enhancing people's quality of life.

2) "Decarbonisation of the economy", comprising approximately a third of the portfolio and involving stakes in companies that work to care for and protect the environment.

3) "Boosting productivity", making up 25% of the portfolio and comprising stakes in companies involved in the digital transformation and robotisation of the economy.

Turning to the main changes over the third quarter, notably we have kept the sector composition pretty much the same, even though the "Future consumption habits" segment has benefited hugely during the pandemic from the increase in popularity of video games, music and media in general. We have recently included companies in the consumer discretionary sector such as Inditex.

We continue to take a defensive stance for the fund. We intend to patiently wait until the market affords us opportunities to invest in more cyclical businesses that pass our sustainability filters. We have therefore increased liquidity, which will enable us to exploit the volatility that we are certain will continue to pervade the markets.

Movements in the portfolio

ADDITIONS	INCREASES
INDITEX SIEMENS HEALTHENEERS	ORPEA
EXITS	**REDUCTIONS**
VESTAS VEOLIA	TRIGANO

Date: 30/09/2020. Source: Bestinver

BESTINVER MIXTO

Invests up to 75% in equities and the remainder in fixed income.

Fund managers

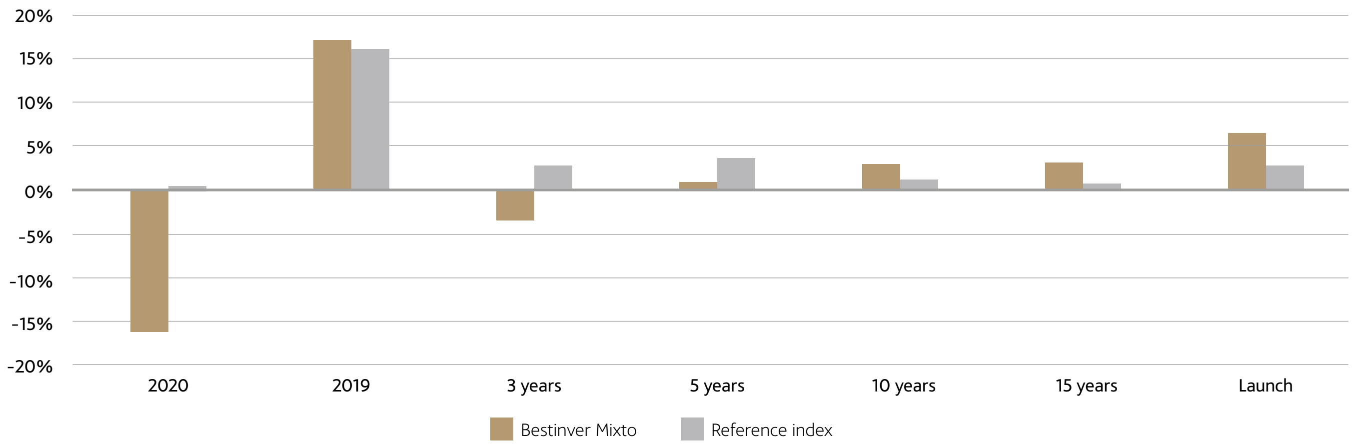
Tomás Pintó
International Equities Director

Eduardo Roque
Fixed-income Director

Table of annualised returns

	2020	2019	3 years	5 years	10 years	15 years	Launch
Bestinver Mixto	**-16,37%**	**17,19%**	**-3,59%**	**0,95%**	**2,93%**	**3,16%**	**6,66%**
Reference index*	0,21%	16,15%	2,80%	3,73%	1,17%	0,77%	2,83%

Annualised returns

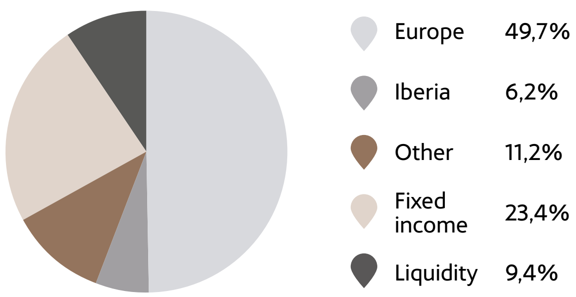


Data as at close of business: 30/09/2020. Source: Bestinver. Periods of more than 1 year at annualised rate. Launch date: 29/06/1997.
Since 01/01/2016, the reference index has included net dividends. Past performance is not a guarantee of future returns.
*The index changed on 05/09/2018 and is now 50% MSCI W. NR Eur / 50% Barc. Euro Agg 1-10y TR. The historical return data for the reference index have been calculated taking as a reference the data obtained for the index in force at any given time.
Investments could entail, among others, equity-market risk, interest-rate risk, exchange-rate risk, risk of investing in emerging economies risk, and geographical and sectoral concentration risk.
The full prospectus, periodic reports and KIID for the fund are available at www.bestinver.es and www.cnmv.es.

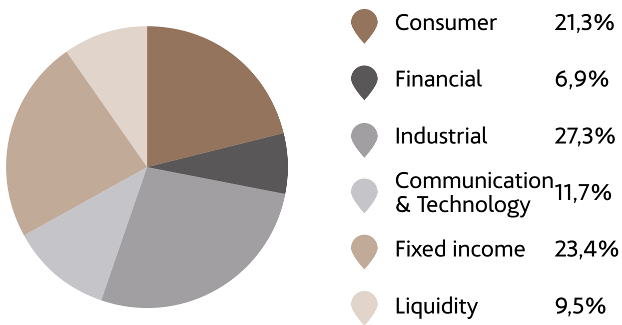
Investment in this fund is not appropriate for time horizons of less than 4- 5 years.

DISTRIBUTION OF THE PORTFOLIO

Geographical distribution



Sectoral distribution



Main positions by sector

CONSUMER	% OF PORTFOLIO
DELIVERY HERO	3,07%
HELLOFRESH	1,91%
GLAXOSMITHKLINE	1,89%

INDUSTRIAL	% OF PORTFOLIO
RIO TINTO	2,01%
KONECRANES	1,93%
ABB	1,66%

COMMUNICATION & TECHNOLOGY	% OF PORTFOLIO
INFORMA	2,65%
AMS	2,33%
TENCENT HOLDINGS	1,54%

FINANCIAL	% OF PORTFOLIO
BNP PARIBAS	1,33%
ING GROUP	1,19%
STANDARD CHARTERED	1,12%

Date: 30/09/2020. Source: Bestinver

BESTINVER PATRIMONIO

Mainly invests in fixed income, with up to 25% in global equities.

Fund managers

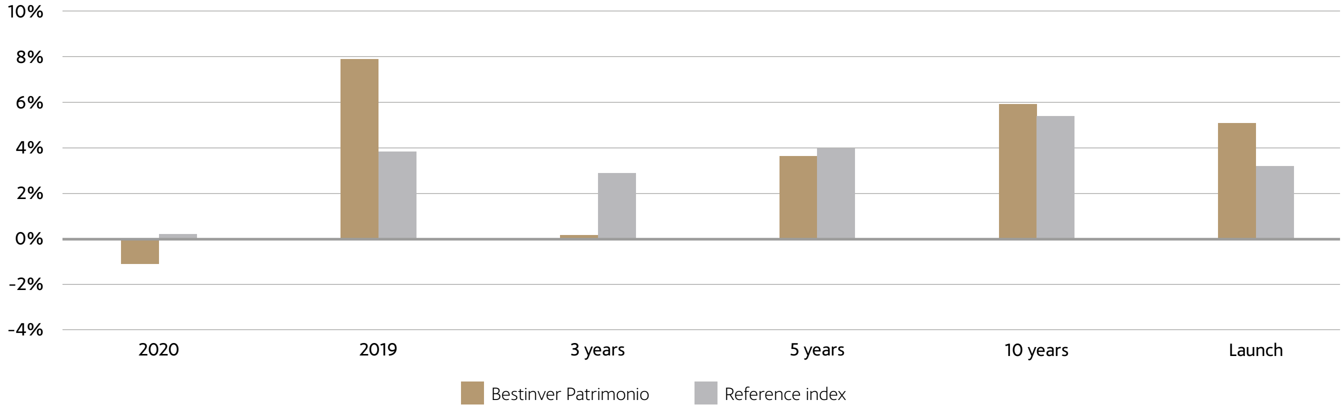
Tomás Pintó
International Equities Director

Eduardo Roque
Fixed-income Director

Table of annualised returns

	2020	2019	3 years	5 years	10 years	Launch
Bestinver Patrimonio	**-1,09%**	**7,89%**	**0,13%**	**3,64%**	**5,90%**	**5,13%**
Reference index*	0,11%	3,80%	2,89%	3,98%	5,39%	3,21%

Annualised returns

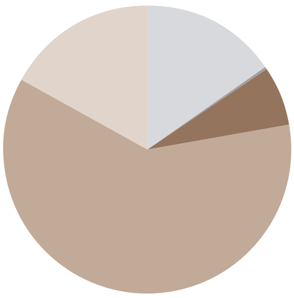


Data as at close of business: 30/09/2020. Source: Bestinver. Periods of more than 1 year at annualised rate. Launch date: 24/07/2006.
Since 01/01/2016, the reference index has included net dividends. Past performance is not a guarantee of future returns.
*The index changed on 05/09/2018 and is now 12.5% MSCI W. NR Eur / 87.5% Barc. Euro Agg 1-3y TR. The historical return data for the reference index have been calculated taking as a reference the data obtained for the index in force at any given time.
The investment policy of BESTINVER PATRIMONIO FI was changed substantially on 5 September 2018. The historical return data shown are not representative of the returns this fund could obtain in the future.
The full prospectus, periodic reports and KIID for the fund are available at www.bestinver.es and www.cnmv.es.

Investment in this fund is not appropriate for time horizons of less than 2- 4 years.

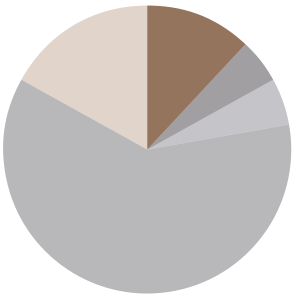
DISTRIBUTION OF THE PORTFOLIO

Geographical distribution



Europe	15,5%
Iberia	0,1%
Other	6,7%
Fixed income	60,8%
Liquidity	16,9%

Sectoral distribution



Consumer	12,1%
Financial	0,0%
Industrial	5,1%
Communication & Technology	5,1%
Fixed income	60,8%
Liquidity	16,9%

Main positions by sector

CONSUMER	% OF PORTFOLIO
DELIVERY HERO	1,08%
ALIBABA GROUP	1,02%
CONVATEC GROUP	0,93%

INDUSTRIAL	% OF PORTFOLIO
SCHINDLER HOLDING	1,14%
AIR LIQUIDE	0,91%
ATLAS COPCO	0,91%

COMMUNICATION & TECHNOLOGY	% OF PORTFOLIO
WOLTERS KLUWER	0,92%
TENCENT HOLDINGS	0,84%
RELX	0,76%

Date: 30/09/2020. Source: Bestinver

BESTINVER DEUDA CORPORATIVA

Invests in issues of corporate debt.

Fund managers

Eduardo Roque
Fixed-income Director

Benito Artiñano
Manager

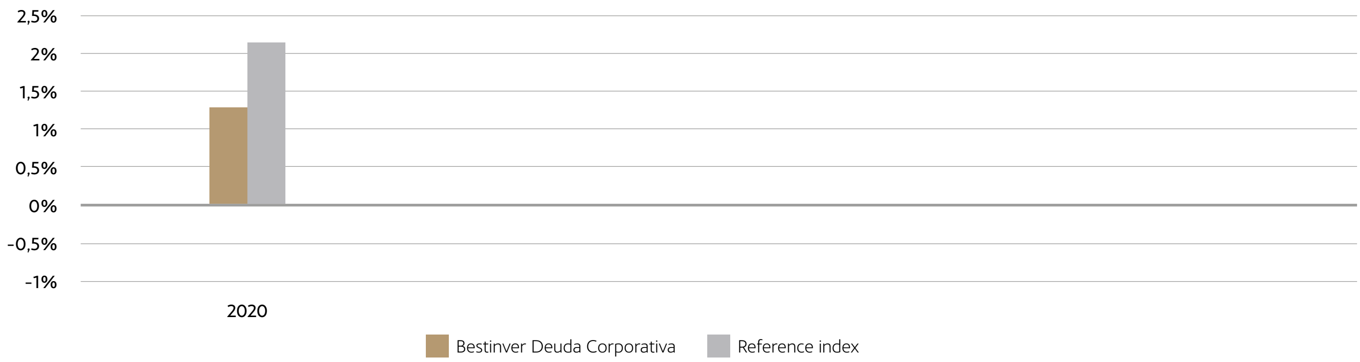
Joaquín Álvarez-Borrás
Manager

Miguel Molina
Manager

Table of annualised returns

	2020
Bestinver Deuda corporativa	**1,26%**
Reference index*	2,12%

Annualised returns



Data as at close of business: 30/09/2020. Source: Bestinver. Launch date: 03/07/2020.
Past performance is not a guarantee of future returns.
Bloomberg Barclays Banking Lower Tier 2 Total Return Index Value Unhedged EUR (25%), Bloomberg Barclays Contingent Capital EUR Total Return Index Value Unhedged EUR (25%), Bloomberg BarclaysCapsec - EUR Non Financial CCRDT TR Index Unhedged EUR (25%), and Bloomberg Barclays Pan-European High Yield Total Return Index Value Unhedged EUR (25%).
Market risk results from investing in any type of asset. Asset prices depend especially on the status of financial markets, and an issuer's financial position, which, in turn, is affected by the general state of the global economy and economic and political circumstances in each country.
The full prospectus, periodic reports and KIID for the fund are available at www.bestinver.es and www.cnmv.es.

Investment in this fund is not appropriate for time horizons of less than 2-3 years.

Manager's round-up

Bestinver Deuda Corporativa is an investment fund that invests in high-yield fixed-income segments in our investment universe, primarily financial and corporate subordinated debt and high-yield corporate bonds. Its aim is to appreciate capital without reneging on the commitment to protect the principal. The recommended time horizon for investing in the fund is 2 to 3 years.

The fund was launched during the third quarter, in an environment that has enabled us to build a well-diversified portfolio offering high returns. Since its launch on 3 July, the fund has posted a return of 1.26%. The greatest contribution has been from banking sector AT1 perpetual corporate bonds and hybrid subordinated debt of companies in which the fund has a larger stake, contributing 0.91% and 0.19%, respectively. In the high-yield segment, we have been detrimentally affected by the yields of companies hit by the pandemic, especially due to fears of a second wave. This segment has eroded the fund's yield over the period (-0.07%).

During the period, we have obtained positions with an IRR of 4.80% and a spread duration of 4.31 years in bonds such as the ENEL 3.5% perpetual callable in 2025, KBC AT1 4.25% perpetual callable in 2025 and EIRCOM 3.5% callable in 2026.

We started the last quarter of the year with liquidity of 8.0%, overweighting AT1 subordinated financial debt and bonds of high-yield companies versus the debt of insurance companies and LT2 subordinated financial debt.

Date: 30/09/2020. Source: Bestinver

BESTINVER RENTA

Invests in short-term Euro fixed-income securities.

Fund managers

Eduardo Roque
Fixed-income Director

Benito Artiñano
Manager

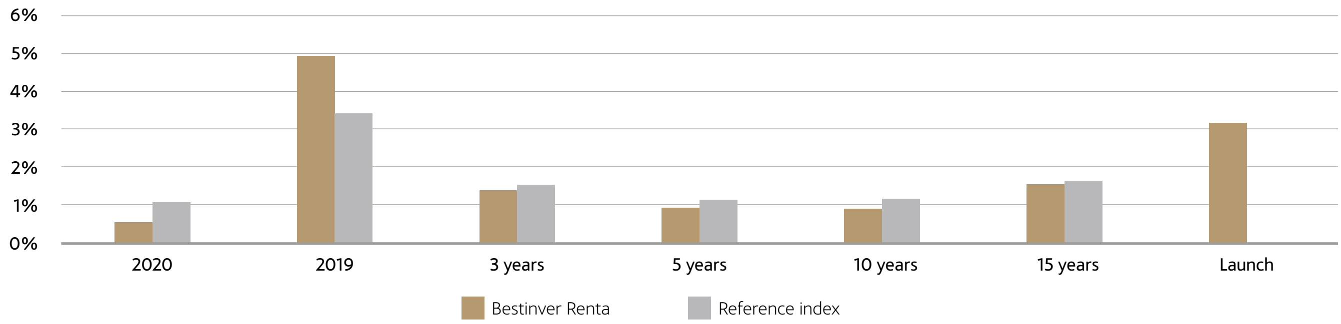
Joaquín Álvarez-Borrás
Manager

Miguel Molina
Manager

Table of annualised returns

	2020	2019	3 years	5 years	10 years	15 years	Launch
Bestinver Renta	**0,57%**	**4,93%**	**1,44%**	**0,93%**	**0,93%**	**1,58%**	**3,21%**
Reference index*	1,14%	3,44%	1,53%	1,22%	1,20%	1,71%	0,00%

Annualised returns



Data as at close of business: 30/09/2020. Source: Bestinver. Periods of more than 1 year at annualised rate. Launch date: 30/10/1995.
Past performance is not a guarantee of future returns.
*The index changed on 05/09/2018 and is now 100% Barc. Euro Agg 1-10y TR. The historical return data for the reference index have been calculated taking as a reference the data obtained for the index in force at any given time.
Market risk results from investing in any type of asset. Asset prices depend especially on the status of financial markets, and an issuer's financial position, which, in turn, is affected by the general state of the global economy and economic and political circumstances in each country.
The full prospectus, periodic reports and KIID for the fund are available at www.bestinver.es and www.cnmv.es.

Investment in this fund is not appropriate for time horizons of less than 1-2 years.

Manager's round-up

Bestinver Renta is a flexible fund that can invest in all the fixed-income segments in our investment universe with an investment grade average credit rating (higher than BBB- from at least one rating agency). Its primary objective is to protect the purchasing power of unitholders, i.e. to beat inflation. The recommended time horizon for investing in the fund is 1 to 2 years.

During the third quarter of the year, the fund posted a return of 1.59%. The greatest contribution has been from investment grade corporate bonds – followed by financial senior debt – in which the fund has a larger stake, contributing 0.60% and 0.39%, respectively. Both financial and corporate subordinated debt has also performed well. However, in the high-yield segment, we have been detrimentally affected by the yields of companies hit by the pandemic, especially due to fears of a second wave. This has been the only segment to erode the fund's yield over the three-month period (-0.12%).

We began the quarter reducing the spread duration from 4.20 years to 3.75 years, after increasing it substantially in the second quarter. As the market has rebounded, we have seen how many bonds have reached their target price, such as the HSBC 6.0% perpetual bond callable in 2023 and the Vodafone 3.1% subordinated bond callable in 2079. In recent weeks, we have once again increased durations through a number of acquisitions of bonds such as the ING 6.75% perpetual bond, EDF 6.0% perpetual bond and CEMEX 5.20% bond callable in 2030, ending the quarter with a spread duration of 3.90 years. Duration has remained below spread duration, starting the quarter at 4.00 years and ending it at 3.13 years.

We began the last part of the year with liquidity of 8.5%. We have limited exposure to public debt – primarily eurozone debt – given the low risk premiums as a result of the ECB's bond purchasing. We also have limited exposure to the insurance sector and high exposure to financial subordinated debt and subordinated debt of high-yield companies (for a portfolio that is 70% investment grade).

Date: 30/09/2020. Source: Bestinver

BESTINVER CORTO PLAZO

Invests in short-term Euro fixed-income securities.

Fund managers

Eduardo Roque
Fixed-income Director

Benito Artiñano
Manager

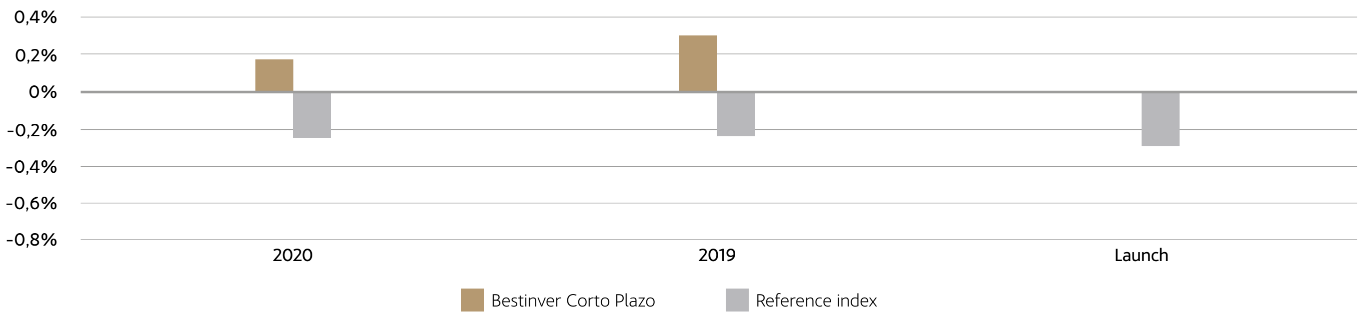
Joaquín Álvarez-Borrás
Manager

Miguel Molina
Manager

Table of annualised returns

	2020	2019	Launch
Bestinver Corto Plazo	**0,18%**	**0,29%**	**0,00%**
(35% 1Y treasury bonds / 65% 7D Eonia)	-0,23%	-0,23%	-0,27%

Annualised returns



Data as at close of business: 30/09/2020. Source: Bestinver. Launch date: 20/07/2018.
Past performance is not a guarantee of future returns.
Market risk results from investing in any type of asset. Asset prices depend especially on the status of financial markets, and an issuer's financial position, which, in turn, is affected by the general state of the global economy and economic and political circumstances in each country.
The full prospectus, periodic reports and KIID for the fund are available at www.bestinver.es and www.cnmv.es.

Investment in this fund is inadvisable for time horizons of less than 1 year.

Manager's round-up

Bestinver Corto Plazo is a fixed-income fund that invests in bonds with a high credit rating (investment grade) over the short term. Its aim is to protect capital. The recommended time horizon for investing in the fund is less than 1 year.

During the third quarter of the year, the fund posted a return of 0.39%. The greatest contribution has been from investment grade corporate bonds followed by financial senior debt, contributing 0.17% and 0.15%, respectively.

We began the quarter with a spread duration of 0.98 years, consequence of the purchases we made in previous quarters to exploit the significant widening of spreads. We have added bonds, above all banking sector senior debt such as Unicrédito and Belfius Bank, but also corporate assets such as the German company Vonovia or Cellnex. Thanks to the excellent performance of short-term assets, we have reduced credit risk to end the quarter at 0.78 years. Duration has remained stable at around 0.33 years.

We began the last quarter of the year with liquidity of approximately 17.2%, prepared to exploit new opportunities. We have very limited exposure to public debt – primarily eurozone debt – because of the extremely negative yields on treasury bonds of around -0.50%). Most of the portfolio comprises positions in financial and corporate credit with a high credit rating.

Date: 30/09/2020. Source: Bestinver

BESTINVER HEDGE VALUE FUND

The FIL Investment Fund invests in a portfolio without concentration restrictions and with a restricted liquidity profile.

Fund managers

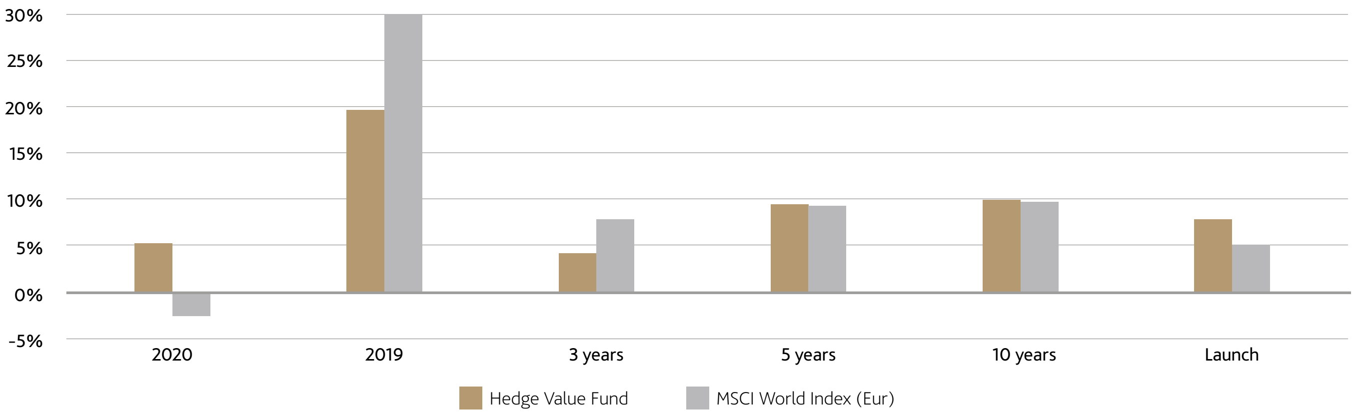
Jaime Vázquez
Consumer Sector Senior Analysis Co-manager of Hedge Value Fund

Miguel Dolz
TMT and Consumer Analyst Co-manager of Hedge Value Fund

Table of annualised returns

	2020	2019	3 years	5 years	10 years	Launch
Hedge Value Fund	**5,33%**	**19,75%**	**4,22%**	**9,58%**	**9,89%**	**7,92%**
MSCI World Index (Eur)	-2,65%	30,02%	7,91%	9,28%	9,84%	5,16%

Annualised returns

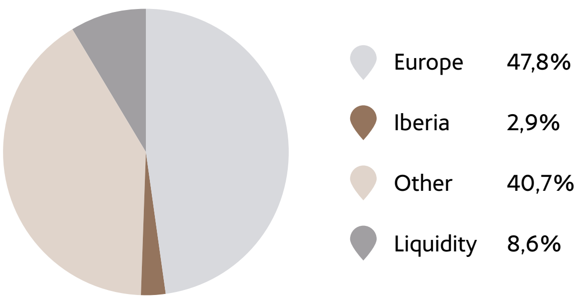


Data as at close of business: 30/09/2020. Source: Bestinver. Periods of more than 1 year at annualised rate. Launch date: 30/09/2007. Since 01/01/2016, the reference index has included net dividends. Past performance is not a guarantee of future returns.
Investments could entail, among others, equity-market risk, interest-rate risk, exchange-rate risk, risk of investing in emerging economies risk, and geographical and sectoral concentration risk.
The full prospectus, periodic reports and KIID for the fund are available at www.bestinver.es and www.cnmv.es.

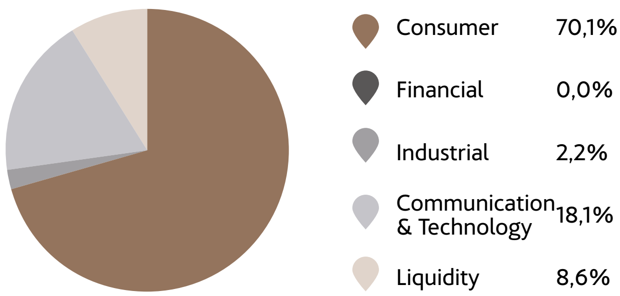
Investment in this fund is inadvisable for time horizons of less than 7 years.

DISTRIBUTION OF THE PORTFOLIO

Geographical distribution



Sectoral distribution



Manager's round-up

Bestinver Hedge Value seeks to generate long-term returns guided by the investment team's fundamental analysis. This is a concentrated global fund (20-30 securities) that invests in businesses in which we have great confidence, that boast clear competitive advantages and in which value accumulates over time. The fund primarily focuses on the sub-sectors in the "global consumer" basket, representing two-third of the GDP of developed markets and responsible for the most dynamic component of the growth of emerging economies. It is therefore a fund that has a high degree of geographical diversification and is also considerably mixed given the wide range of businesses in which it can invest (distribution, luxury, consumer discretionary, platforms, aggregators, leisure, software, payments, fintech etc.). Since 1 August, the fund has a new performance fee that is only charged when returns exceed 8% per annum. We believe this structure of fees and commissions is fairer for you, our unitholders.

The portfolio remained largely the same over the quarter. The main changes derived from the unprecedented correction in March and April. As we explained in the last quarterly report, we are replacing companies in our portfolio that, due to the nature of their business, were impacted by Covid-19 for others with fantastic business models, healthy balance sheets and, above all, a considerably attractive valuation discount. In this regard, we are referring for example to the equity stakes we have acquired in Alibaba (a position also taken by the Bestinver Grandes Compañías fund) and SEA Limited.

SEA Limited operates in south-east Asia and Taiwan. Its main business is Shopee, an e-commerce platform (like Amazon) that is based on the 100% marketplace model, i.e. it has a similar profile to that of Alibaba. It also owns Garena, a very profitable video games business whose star product is Free Fire. It is also developing a payments business that facilitates and cuts the cost of the transactions of its e-commerce business. In the near future, this will serve as a launchpad for innumerable fintech services. The team of founders still own more than a third of the company, which we see as crucial, and Tencent (an investment we own with the other international funds) holds the other 25%. The company's striking growth stems from its competitive position, the excellent work of its management team, and the low penetration of e-commerce in the markets in which it operates. Despite the 50% appreciation accumulated since we invested in this company, we believe it is still a fantastic investment thanks to its leading position, decent profitability and ability to continue growing at high rates in the long-term.

Taking advantage of a drop in its price, we have also acquired a stake in Arco Plataforma: a digital learning content and software provider in Brazil that is one of Bestinver Latam's largest positions.

Movements in the portfolio

ADDITIONS	INCREASES
GREGGS ARCO PLATAFORMA	HELLOFRESH WAITR SEA LIMITED
EXITS	**REDUCTIONS**
ADIDAS LVMH	ZOOPLUS LOCAWEB S4 CAPITAL

Date: 30/09/2020. Source: Bestinver

BESTINVER TORDESILLAS

Bestinver Tordesillas FIL is a hedge fund whose objective is to provide absolute profitability through investment in equities in Spain and Portugal, with the flexibility to take net short positions.

Fund managers

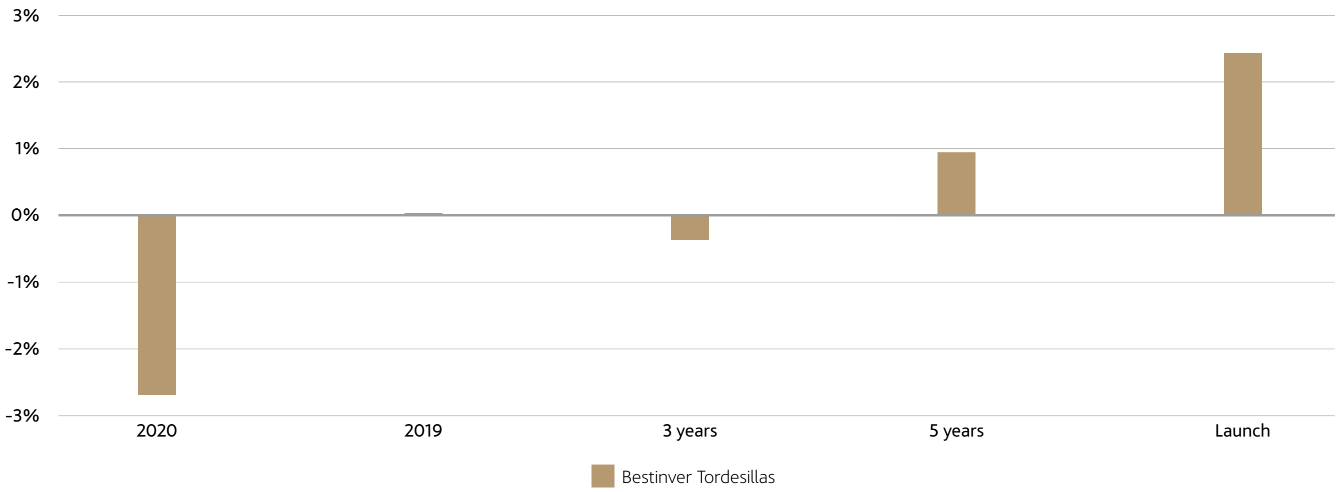
Ricardo Seixas
Iberian Equities Director

Javier Ortiz
Analyst

Table of annualised returns

	2020	2019	3 years	5 years	Launch
Bestinver Tordesillas	-2,69%	0,03%	-0,35%	0,99%	2,44%

Annualised returns



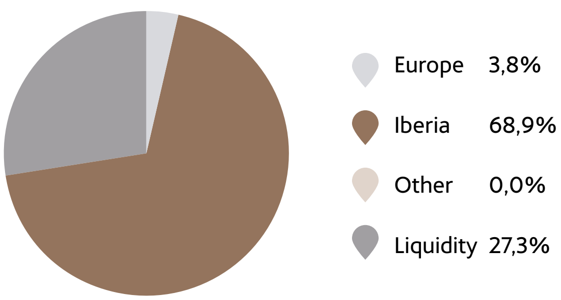
Data as at close of business: 30/09/2020. Source: Bestinver. Periods of more than 1 year at annualised rate. Launch date: 09/03/2007. Past performance is not a guarantee of future returns.

Investments could entail, among others, equity-market risk, interest-rate risk, exchange-rate risk, and geographical and sectoral concentration risk. The full prospectus, periodic reports and KIID for the fund are available at www.bestinver.es and www.cnmv.es.

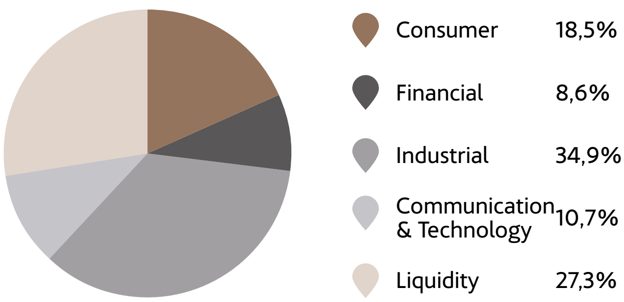
Investment in this fund is inadvisable for time horizons of less than 5 years.

DISTRIBUTION OF THE PORTFOLIO

Geographical distribution



Sectoral distribution



Main positions by sector

CONSUMER	% OF PORTFOLIO
INDUSTRIAL DE DISENO TEXTIL	6,44%
LABORATORIOS FARMAC. ROVI	4,60%
SONAE SGPS	3,84%

INDUSTRIAL	% OF PORTFOLIO
EDP RENOVAVEIS	5,47%
FOMENTO DE CONSTRUC Y CONTRA	5,24%
IBERDROLA	4,62%

COMMUNICATION & TECHNOLOGY	% OF PORTFOLIO
CELLNEX TELECOM SA	5,29%
EUSKALTEL SA	4,27%
NOS SGPS	1,14%

FINANCIAL	% OF PORTFOLIO
MERLIN PROPERTIES SOCIMI	1,29%

Manager's round-up

Bestinver Tordesillas is an Iberian equity fund that aims to invest in undervalued companies guided by our investment team's fundamental analysis. The fund's aim is to try to adequately protect unitholders' capital without overlooking returns. We therefore use additional risk management to achieve a more stable portfolio that does not suffer major losses and is therefore able to protect capital long term.

During the third quarter, we have continued to follow the cyclical recovery of the economy and markets, with high exposure. We have not made any major changes to the composition of the portfolio. The most notable movements have been the moderate increase in our position in Inditex and the addition of CAF. The portfolio is defensive and we selectively increase the level of cyclical stocks as we gain confidence in the operational and financial performance of companies.

Movements in the portfolio

ADDITIONS	INCREASES
CAF	INDITEX
EXITS	**REDUCTIONS**
COCACOLA EUROPEAN PARTNERS	LABORATORIOS FARMA ROVI

Date: 30/09/2020. Source: Bestinver

Pension funds

Bestinver León

BESTINVER GLOBAL

Invests in global equities.

Fund managers

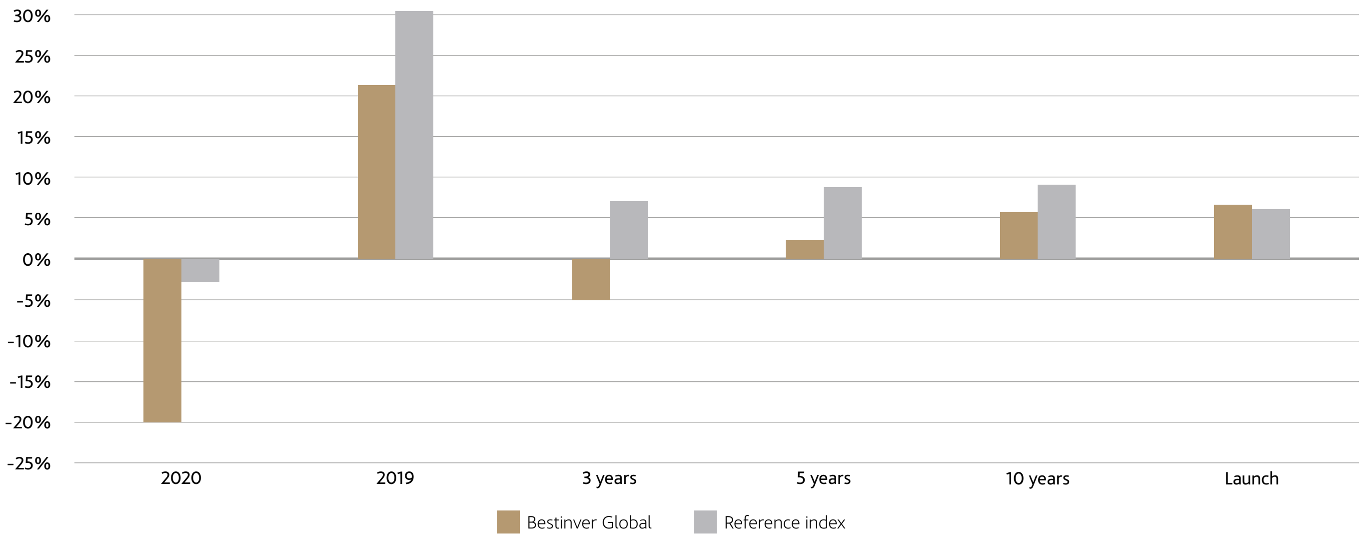
Tomás Pintó
International Equities Director

Jorge Fuentes
International Equities Manager

Table of annualised returns

	2020	2019	3 years	5 years	10 years	Launch
Bestinver Global	**-19,75%**	**21,19%**	**-5,19%**	**2,21%**	**5,93%**	**6,58%**
Reference index*	-2,65%	30,02%	7,10%	8,92%	9,27%	6,23%

Annualised returns

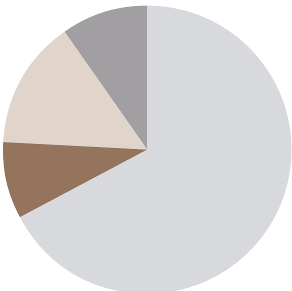


Data as at close of business: 30/09/2020. Source: Bestinver. Periods of more than 1 year at annualised rate. Launch date: 31/12/2004.
Since 01/01/2016, the reference index has included net dividends. Past performance is not a guarantee of future returns.
*The index changed on 19/09/2018 and is now the MSCI World NR EUR. The historical return data for the reference index have been calculated taking as a reference the data obtained for the index in force at any given time.
Investments could entail, among others, equity-market risk, interest-rate risk, exchange-rate risk, risk of investing in emerging economies risk, and geographical and sectoral concentration risk.
The Statement of Investment Principles is available on the website: web www.bestinver.es

Investment in this fund is inadvisable for time horizons of less than 5 years.

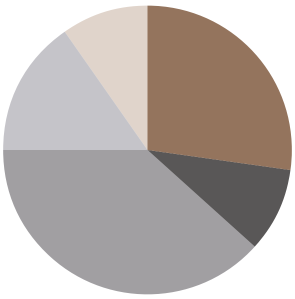
DISTRIBUTION OF THE PORTFOLIO

Geographical distribution



Europe	67,3%
Iberia	8,7%
Other	14,3%
Liquidity	9,7%

Sectoral distribution



Consumer	27,3%
Financial	9,5%
Industrial	38,2%
Communication & Technology	15,3%
Liquidity	9,7%

Main positions by sector

CONSUMER	% OF PORTFOLIO
DELIVERY HERO	3,98%
HELLOFRESH	2,44%
GLAXOSMITHKLINE	2,41%

INDUSTRIAL	% OF PORTFOLIO
RIO TINTO	2,63%
KONECRANES	2,48%
ABB	2,23%

COMMUNICATION & TECHNOLOGY	% OF PORTFOLIO
INFORMA	3,40%
AMS	2,98%
TENCENT HOLDINGS	1,97%

FINANCIAL	% OF PORTFOLIO
BNP PARIBAS	1,76%
ING GROUP	1,52%
STANDARD CHARTERED	1,49%

Manager's round-up

We have posted further gains this quarter since the lows in March. The very slight corrections of European indexes – more pronounced in the Spanish market – were mainly the result of the energy and financial sectors' poor performance. That said, this progress does hide significant sector churn. Sectors most closely linked to the economic cycle have enjoyed major gains, while the more defensive sector, or those best performing since the start of the year, have suffered price falls.

Cyclical companies have once again been a welcome surprise in terms of cash generation; a pattern we saw between 2008 and 2010. This is due to the nature of their working capital (they stop producing and start consuming stock) but also the ability to streamline their costs and workforces thanks to far more flexible labour laws than in the past. One outcome of the crisis during the first half of the decade is that companies (and authorities) have become slightly quicker to react and adapt to change. This dynamic is evident in companies in our portfolio such as ABB, Konecranes, Ashtead and HeidelbergCement.

The automotive sector deserves special mention, which was already tipping towards a recession before Covid-19 hit. The continual tightening of EU regulations to curb harmful emissions has been a massive challenge for manufacturers, who have had to invest very heavily to reduce the environmental impact of their cars at a time of a significant slump in demand.

Somewhat confused by the championing and subsequent demonisation of diesel and expectant about the current technological transition to electrification, buyers have delayed their purchases. Obviously, Covid-19

has only exacerbated this situation. However, it should be remembered that this demand is still there, parked to one side, and that sooner or later it will need to be met, especially given the age of Europe's fleet of cars and punitive laws in terms of taxes and restrictions on the use of polluting vehicles. Having experienced and talented analysts such as Colin Gibson and Carlos Arenillas help us navigate through and put into perspective the current circumstances.

What we can say is that with BMW and Faurecia – two of our investments in the sector – we are seeing an incipient but clear resurgence in business. The launch of new electric models and proliferation of public grants to encourage buyers to change their vehicles are, in our opinion, the start of an upward trend that should continue in the years ahead.

As we said in the prologue to this report, the major fiscal and monetary stimuli rolled out since the start of the pandemic are making a difference, and the economic rebound continued to gain traction over the summer months. Nevertheless, bond yields have remained at an all-time low, causing the financial sector (which is heavily affected by the economic cycle and should reflect the notably brighter outlook) to suffer significant falls over the quarter, with prices reaching the minimums seen in March.

At the end of July, the European Central Bank announced its findings of its analysis of the banking sector's vulnerability due to the current crisis. One of the most important conclusions, in our opinion, is the forecast that the sector will generate very low profits in the coming years. Specifically, the ECB estimates that in 2020 profits will only equate to a third of those posted in 2019, despite a considerable improvement in NPL ratios in 2021 and the expectation that credit quality will not decline in the future. The regulator is of the opinion that the cause of this pending disaster is a persistent challenging environment in which to generate revenue and for intermediation margins. The good news is that despite the severity of the economic contraction, the potential deterioration in the sector's capital position is pretty manageable. As explained at the start, industrial companies came out of the last crisis stronger and it is certain that the regulatory reforms over the last ten years have boosted the solvency of what is a key sector for the normal functioning of the economy.

As you will be aware, we have gradually reduced our expose to this sector. It is true that a problem concerning the bottom line has nothing to do with one affecting the balance sheet (although over time, one does begin to affect the other) and therefore banks are far more "investible" today than a decade ago. That said, the pandemic has made the rules of play tougher. The inevitable prolongation of this cycle of zero rates has an enormous effect on banks' profitability and makes it far harder for them to turn a profit and accumulate capital. Aware of this, regulators have prohibited the payment of dividends until things return to normal, (temporarily) halting with one fell swoop one of the mainstays of the thesis of investing in banks on the old continent.

It is clear that their prices have plunged dramatically over the last year, but so has their margin of safety. The very nature of the current crisis makes it extremely difficult to see these dynamics changing course. The financial institutions in our portfolio have sufficiently robust capital positions to be able to survive a long period of uncertainty and, above all, their business models allow them to generate revenues even in the prevailing interest rate environment. Consequently, they are still able to pay out attractive dividends when the regulator lifts the current prohibition.

We would also like to share with you two new ideas we have included in the fund this quarter: Inditex and Grifols – two examples of fabulous companies that are reasonably priced and offer us the opportunity to find value. The first has a world-class management team (and owner). Its remarkable operational flexibility and financial prudence have enabled it to navigate its way through the current crisis far better than its competitors. It has protected its margins and profitability, allowing it to continue investing in its on-line model: a channel that will, we calculate, generate close to 25% of its sales next year. This will see it extending its lead in the sector. It is an excellent company that we are familiar with, and we believe it has many years of profitable business growth ahead of it. Its on-line and off-line offering is still the best proposal in today's world and thanks to its incredible cash generation, it is in an enviable position to repay its shareholders through increasingly succulent dividends of around 4% at today's prices.

Grifols, meanwhile, operates in an oligopolistic market and has extremely attractive fundamentals. It is enjoying major growth in demand for plasma derivatives to treat chronic diseases and is protected by barriers to entry that are extremely difficult to overcome. Grifols is a clear case of an opportunity to invest following the company's capital cycle. After a period of intense investment in collection centres and fractionation, purification and plasma production facilities, we believe its margins, cash generation and debt will improve significantly in the next few years.

The launch of potential substitutes that could compete with some of its haemoglobin derivatives has afforded us the opportunity to acquire a stake in its capital at what we consider to be attractive prices. If the aforesaid threats do arise, we do not foresee Grifol's possible loss in value being irrecoverable. In other words, at the current prices we are buying into an improvement in profitability in coming years, the decent prospects for one of its recent launches (Xembify) and the massive potential of other treatments under development (for Alzheimer's) at frankly interesting prices.

We also want to share the case of Informa with you: one of the top positions in our funds and also one of the hardest hit by the pandemic on the stock market. We invite you to read our comments on this investment case in the section on the Bestinver Internacional fund.

The investment team has forged ahead with its work. We continue to build a more balanced portfolio for you, with businesses that complement each other, offering wide margins of security and great upside potential. Fortunately, we have a fantastic team who will continue to look for and find decent businesses at attractive prices. Discipline, diversification and accumulated know-how are still our work tools.

This quarter we have invested in three new companies, and increased the weight of practically all those we acquired in April. We have pared back or sold off our positions in those that failed to convince so much or whose price had reached their intrinsic value. We are finding value in companies that are not in fashion but are of undeniable quality. GSK is a prime example. Although we are also finding value in companies boasting new business models with hard to replicate competitive advantages that are threatening traditional models, whose growth is spectacular. HelloFresh is a marvellous example of this. Both the aforementioned companies have a fantastic chance to form part of our capital long term.

We want to own decent businesses that are well managed, prudently financed and purchased at attractive prices. Our aim is to provide you with a tool to build up your long-term savings and fulfil your financial goals. We are aware how frustrating things have been recently and we want to emphasise to you the opportunity the market is offering us at the moment. An opportunity that allows for value investing today. An opportunity that we at Bestinver know how to exploit thanks to our patience and, above all, your faith in us.

Date: 30/09/2020. Source: Bestinver

BESTINVER PLAN MIXTO

Invests up to 75% in equities and the remainder in fixed income.

Fund managers

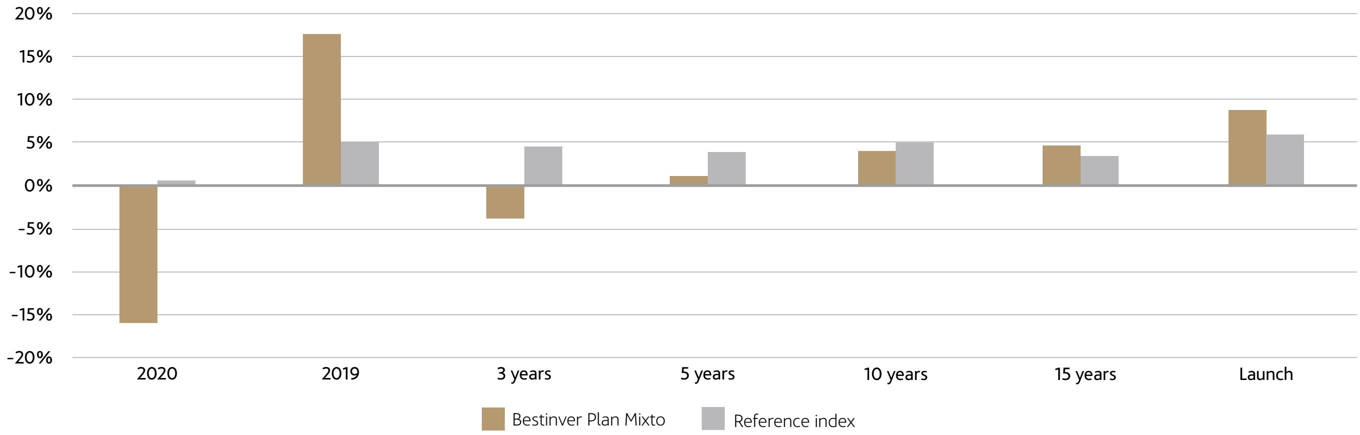
Tomás Pintó
International Equities Director

Eduardo Roque
Fixed-income Director

Table of annualised returns

	2020	2019	3 years	5 years	10 years	15 years	Launch
Bestinver Plan Mixto	**-16,05%**	**17,67%**	**-3,98%**	**0,98%**	**4,23%**	**4,58%**	**8,79%**
Reference index*	0,21%	5,41%	4,78%	3,95%	5,16%	3,75%	6,24%

Annualised returns

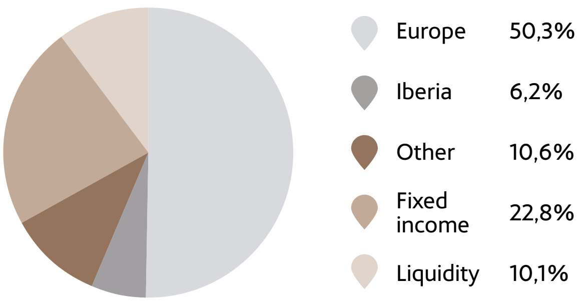


Data as at close of business: 30/09/2020. Source: Bestinver. Periods of more than 1 year at annualised rate. Launch date: 30/10/1996. Since 01/01/2016, the reference index has included net dividends. Past performance is not a guarantee of future returns.
*The index changed on 19/09/2018 and is now 50% MSCI W. NR Eur / 50% Barc. Euro Agg 1-10y TR. The historical return data for the reference index have been calculated taking as a reference the data obtained for the index in force at any given time.
Investments could entail, among others, equity-market risk, interest-rate risk, exchange-rate risk, risk of investing in emerging economies risk, and geographical and sectoral concentration risk.
The Statement of Investment Principles is available on the website: web www.bestinver.es

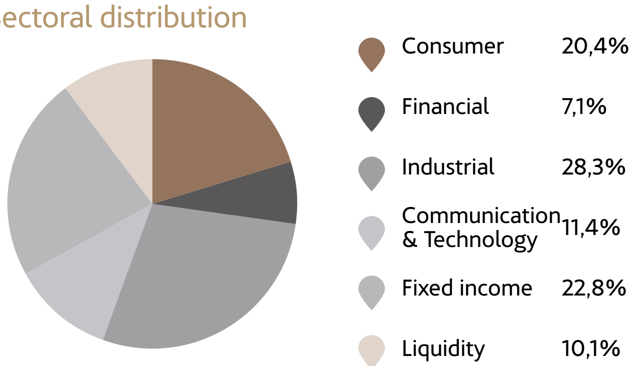
Investment in this fund is not appropriate for time horizons of less than 3-5 years.

DISTRIBUTION OF THE PORTFOLIO

Geographical distribution



Sectoral distribution



Main positions by sector

CONSUMER	% OF PORTFOLIO
DELIVERY HERO	2,97%
HELLOFRESH	1,81%
GLAXOSMITHKLINE	1,79%

INDUSTRIAL	% OF PORTFOLIO
RIO TINTO	1,96%
KONECRANES	1,85%
ABB	1,66%

COMMUNICATION & TECHNOLOGY	% OF PORTFOLIO
INFORMA	2,54%
AMS	2,22%
TENCENT HOLDINGS	1,46%

FINANCIAL	% OF PORTFOLIO
BNP PARIBAS	1,31%
ING GROUP	1,13%
STANDARD CHARTERED	1,10%

Date: 30/09/2020. Source: Bestinver

BESTINVER PLAN RENTA

Invests in short-term fixed income securities.

Fund managers

Eduardo Roque
Fixed-income Director

Benito Artiñano
Manager

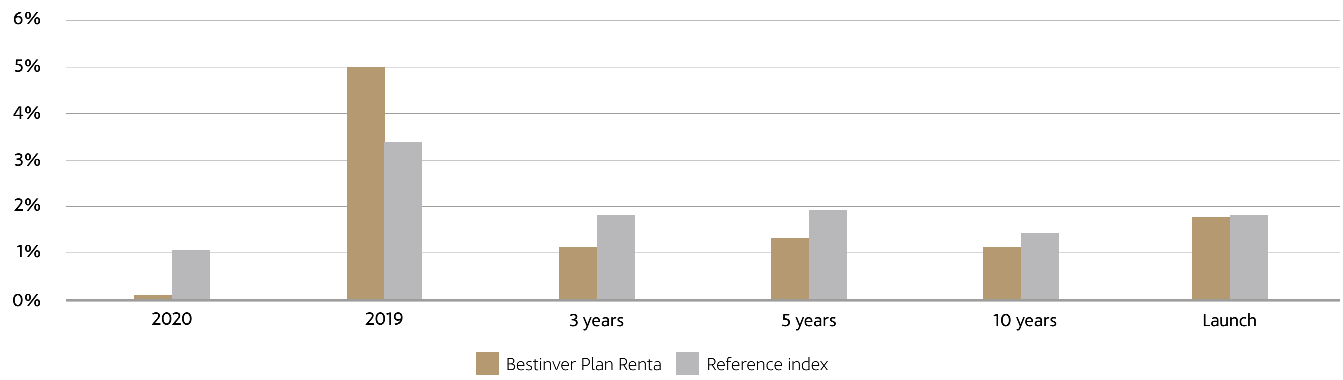
Joaquín Álvarez-Borrás
Manager

Miguel Molina
Manager

Table of annualised returns

	2020	2019	3 years	5 years	10 years	Launch
Bestinver Plan Renta	**0,14%**	**4,97%**	**1,21%**	**1,39%**	**1,19%**	**1,82%**
Reference index*	1,14%	3,44%	1,87%	1,99%	1,49%	1,90%

Annualised returns



Data as at close of business: 30/09/2020. Source: Bestinver. Periods of more than 1 year at annualised rate. Launch date: 31/12/2004.
Since 01/01/2016, the reference index has included net dividends. Past performance is not a guarantee of future returns.
*The index changed on 19/09/2018 and is now 100% Barc. Euro Agg 1-10y TR. The historical return data for the reference index have been calculated taking as a reference the data obtained for the index in force at any given time.
Investments could entail, among others, equity-market risk, interest-rate risk, exchange-rate risk, risk of investing in emerging economies risk, and geographical and sectoral concentration risk.
The Statement of Investment Principles is available on the website: web www.bestinver.es

Investment in this fund is not appropriate for time horizons of less than 1-2 years.

Manager's round-up

Bestinver Plan Renta F.P. is a flexible fund that can invest in all the fixed-income segments in our investment universe with an investment grade average credit rating (higher than BBB- from at least one rating agency). Its primary objective is to protect the purchasing power of unitholders, i.e. to beat inflation. The recommended time horizon for investing in the fund is 1 to 2 years.

During the third quarter of the year, the fund posted a return of 1.59%. The greatest contribution has been from investment grade corporate bonds – followed by financial senior debt – in which the fund has a larger stake, contributing 0.60% and 0.39%, respectively. Both financial and corporate subordinated debt has also performed well. However, in the high-yield segment, we have been detrimentally affected by the yields of companies hit by the pandemic, especially due to fears of a second wave. This has been the only segment to erode the fund's yield over the three-month period (-0.12%).

We began the quarter reducing the spread duration from 4.20 years to 3.75 years, after increasing it substantially in the second quarter. As the market has rebounded, we have seen how many bonds have reached their target price, such as the HSBC 6.0% perpetual bond callable in 2023 and the Vodafone 3.1% subordinated bond callable in 2079. In recent weeks, we have once again increased durations through a number of acquisitions of bonds such as the ING 6.75% perpetual bond, EDF 6.0% perpetual bond and CEMEX 5.20% bond callable in 2030, ending the quarter with a spread duration of 3.90 years. Duration has remained below spread duration, starting the quarter at 4.00 years and ending it at 3.13 years.

We began the last part of the year with liquidity of 8.5%. We have limited exposure to public debt – primarily eurozone debt – given the low risk premiums as a result of the ECB's bond purchasing. We also have limited exposure to the insurance sector and high exposure to financial subordinated debt and subordinated debt of high-yield companies (for a portfolio that is 70% investment grade).

Date: 30/09/2020. Source: Bestinver

BESTINVER PLAN PATRIMONIO

Mainly invests in fixed income, with up to 25% in global equities.

Fund managers

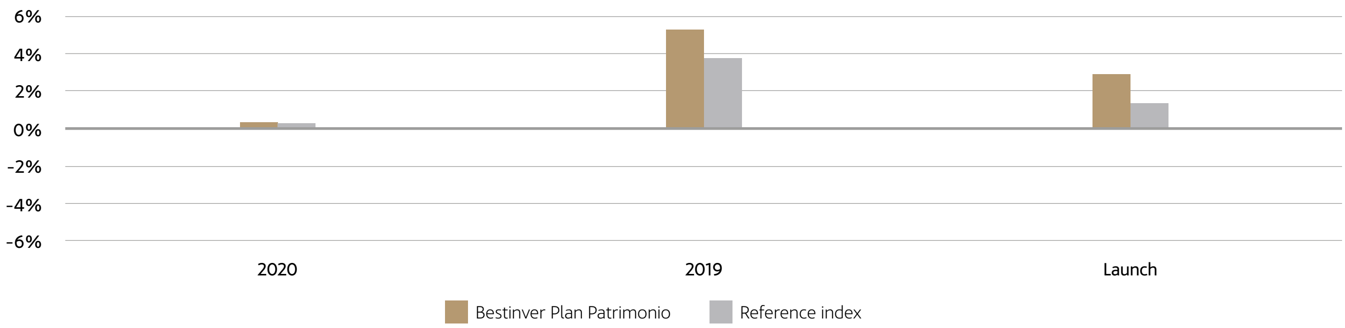
Tomás Pintó
International Equities Director

Eduardo Roque
Fixed-income Director

Table of annualised returns

	2020	2019	Launch
Bestinver Plan Patrimonio	**0,25%**	**5,41%**	**2,84%**
(12,5% MSCI W.NR Eur / 87,5% Barc. Euro Agg 1-3y TR)	0,11%	3,80%	1,64%

Annualised returns



Data as at close of business: 30/09/2020. Source: Bestinver. Launch date: 15/11/2018
Past performance is not a guarantee of future returns.
Market risk results from investing in any type of asset. Asset prices depend especially on the status of financial markets, and an issuer's financial position, which, in turn, is affected by the general state of the global economy and economic and political circumstances in each country.
The Statement of Investment Principles is available on the website: web www.bestinver.es

Investment in this fund is not appropriate for time horizons of less than 2- 4 years.

Main positions by sector

CONSUMER	% OF PORTFOLIO
DELIVERY HERO	1,08%
ALIBABA GROUP	1,01%
CONVATEC GROUP	0,91%

INDUSTRIAL	% OF PORTFOLIO
SCHINDLER HOLDING	1,14%
AIR LIQUIDE	0,91%
ATLAS COPCO	0,90%

COMMUNICATION & TECHNOLOGY	% OF PORTFOLIO
WOLTERS KLUWER	0,92%
TENCENT HOLDINGS	0,86%
RELX	0,74%

Date: 30/09/2020. Source: Bestinver

Voluntary mutual benefit society (EPSV)

Only for investors
domiciled for tax purposes
in the Basque Country

BESTINVER CRECIMIENTO

Invests up to 100% in global equities.

Fund managers

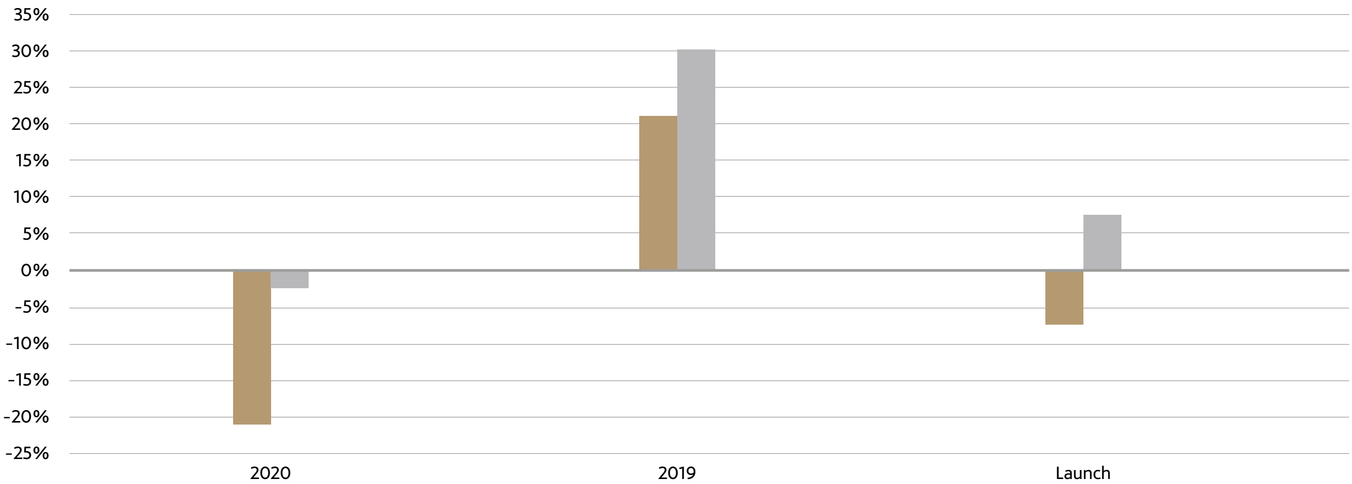
Tomás Pintó
International Equities Director

Jorge Fuentes
International Equities Manager

Table of annualised returns

	2020	2019	Launch
Bestinver Crecimiento	**-21,05%**	**21,03%**	**-7,58%**
Reference index*	-2,65%	30,02%	7,50%

Annualised returns

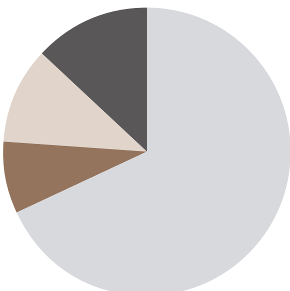


Data as at close of business: 30/09/2020. Source: Bestinver. Periods of more than 1 year at annualised rate. Launch date: 11/12/2017.
*The index changed on 26/07/2018 and is now the MSCI World NR EUR. The historical return data for the reference index have been calculated taking as a reference the data obtained for the index in force at any given time.
Market risk results from investing in any type of asset. Asset prices depend especially on the status of financial markets, and an issuer's financial position, which, in turn, is affected by the general state of the global economy and economic and political circumstances in each country.
The Statement of Investment Principles is available on the website: web www.bestinver.es

Investment in this benefit plan is inadvisable for time horizons of less than 5 years.

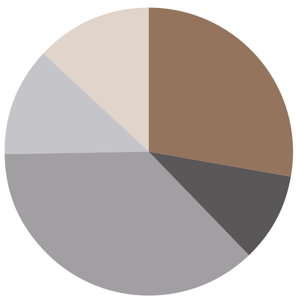
DISTRIBUTION OF THE PORTFOLIO

Geographical distribution



Europe	68,2%
Iberia	8,1%
Other	10,8%
Liquidity	12,9%

Sectoral distribution



Consumer	27,8%
Financial	10,0%
Industrial	37,1%
Communication & Technology	12,2%
Liquidity	12,9%

Main positions by sector

CONSUMER	% OF PORTFOLIO
DELIVERY HERO	4,25%
HELLOFRESH	2,70%
GLAXOSMITHKLINE	2,67%

INDUSTRIAL	% OF PORTFOLIO
KONECRANES	2,82%
RIO TINTO	2,73%
ABB	2,17%

COMMUNICATION & TECHNOLOGY	% OF PORTFOLIO
INFORMA	3,86%
AMS	3,30%
LIONS GATE ENTERTAINMENT	1,01%

FINANCIAL	% OF PORTFOLIO
BNP PARIBAS	1,74%
ING GROUP	1,68%
STANDARD CHARTERED	1,47%

Date: 30/09/2020. Source: Bestinver

BESTINVER FUTURO

Invests up to 75% in equities and the remainder in fixed income.

Fund managers

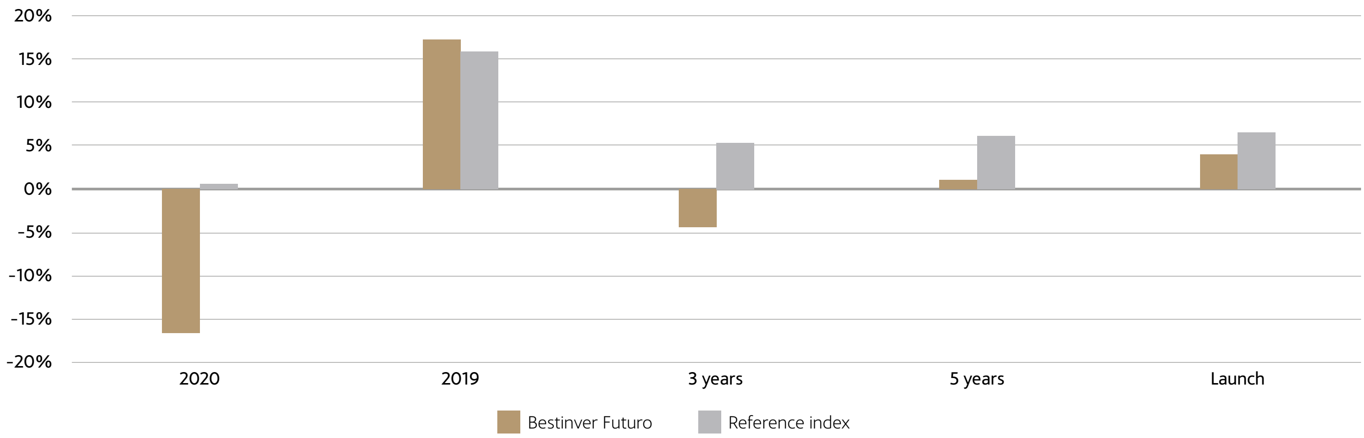
Tomás Pintó
International Equities Director

Eduardo Roque
Fixed-income Director

Table of annualised returns

	2020	2019	3 years	5 years	Launch
Bestinver Futuro	**-16,93%**	**17,35%**	**-4,58%**	**1,13%**	**3,89%**
Reference index*	0,21%	16,15%	5,52%	6,17%	6,61%

Annualised returns

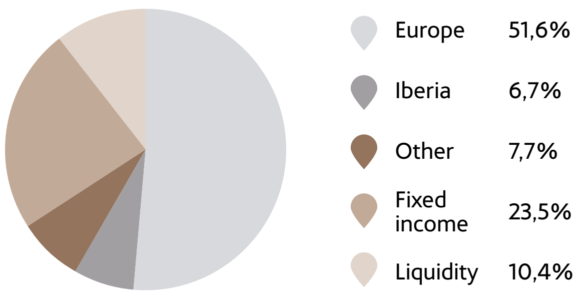


Data as at close of business: 30/09/2020. Source: Bestinver. Periods of more than 1 year at annualised rate. Launch date: 28/12/2011.
Since 01/01/2016, the reference index has included net dividends. Past performance is not a guarantee of future returns.
*The index changed on 26/07/2018 and is now 50% MSCI W. NR Eur / 50% Barc. Euro Agg 1-10y TR. The historical return data for the reference index have been calculated taking as a reference the data obtained for the index in force at any given time.
Market risk results from investing in any type of asset. Asset prices depend especially on the status of financial markets, and an issuer's financial position, which, in turn, is affected by the general state of the global economy and economic and political circumstances in each country.
The Statement of Investment Principles is available on the website: web www.bestinver.es

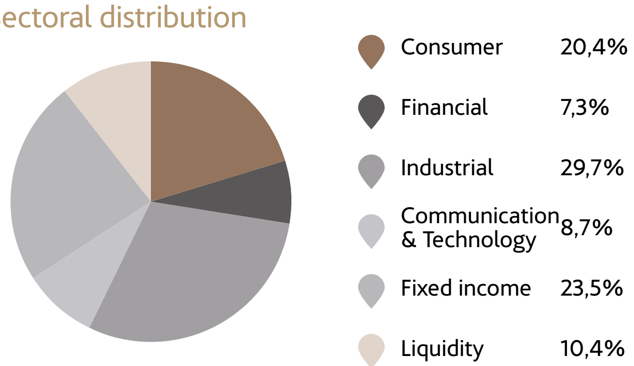
Investment in this benefit plan is inadvisable for time horizons of less than 5 years.

DISTRIBUTION OF THE PORTFOLIO

Geographical distribution



Sectoral distribution



Main positions by sector

CONSUMER	% OF PORTFOLIO
DELIVERY HERO	3,15%
GLAXOSMITHKLINE	1,96%
HELLOFRESH	1,82%

INDUSTRIAL	% OF PORTFOLIO
RIO TINTO	2,03%
KONECRANES	2,01%
ABB	1,64%

COMMUNICATION & TECHNOLOGY	% OF PORTFOLIO
INFORMA	2,76%
AMS	2,24%
S4 CAPITAL	0,72%

FINANCIAL	% OF PORTFOLIO
BNP PARIBAS	1,31%
ING GROUP	1,24%
STANDARD CHARTERED	1,10%

Date: 30/09/2020. Source: Bestinver

BESTINVER CONSOLIDACIÓN

Invests up to 25% in equities and the remainder in fixed income.

Fund managers

Eduardo Roque
Fixed-income Director

Benito Artiñano
Manager

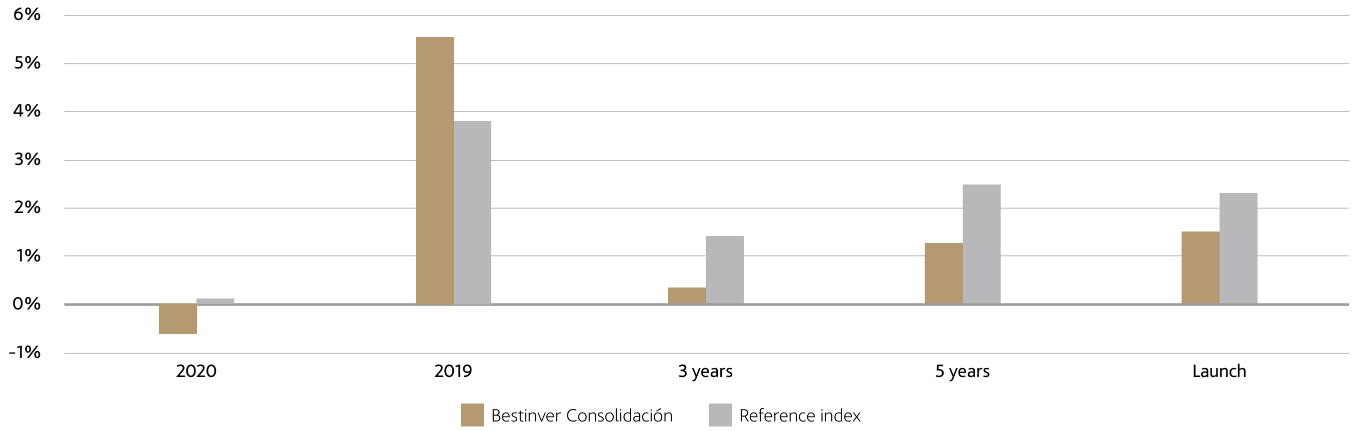
Joaquín Álvarez-Borrás
Manager

Miguel Molina
Manager

Table of annualised returns

	2020	2019	3 years	5 years	Launch
Bestinver Consolidación	**-0,57%**	**5,55%**	**0,36%**	**1,30%**	**1,55%**
Reference index*	0,11%	3,80%	1,43%	2,53%	2,34%

Annualised returns

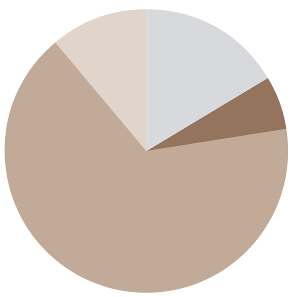


Data as at close of business: 30/09/2020. Source: Bestinver. Periods of more than 1 year at annualised rate. Launch date: 20/01/2012.
Since 01/01/2016, the reference index has included net dividends. Past performance is not a guarantee of future returns.
*The index changed on 26/07/2018 and is now 12.5% MSCI W. NR Eur / 87.5% Barc. Euro Agg 1-3y TR. The historical return data for the reference index have been calculated taking as a reference the data obtained for the index in force at any given time.
Market risk results from investing in any type of asset. Asset prices depend especially on the status of financial markets, and an issuer's financial position, which, in turn, is affected by the general state of the global economy and economic and political circumstances in each country.
The Statement of Investment Principles is available on the website: web www.bestinver.es

Investment in this benefit plan is inadvisable for time horizons of less than 2-3 years.

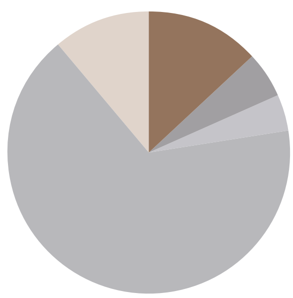
DISTRIBUTION OF THE PORTFOLIO

Geographical distribution



Europe	16,4%
Iberia	0,1%
Other	6,2%
Fixed income	66,2%
Liquidity	11,2%

Sectoral distribution



Consumer	13,3%
Financial	0,0%
Industrial	5,3%
Communication & Technology	4,1%
Fixed income	66,2%
Liquidity	11,2%

Main positions by sector

CONSUMER	% OF PORTFOLIO
ALIBABA GROUP	1,28%
DELIVERY HERO	1,21%
NIKE	1,04%

INDUSTRIAL	% OF PORTFOLIO
AIR LIQUIDE	1,29%
ATLAS COPCO	1,28%
SAF HOLLAND	0,83%

COMMUNICATION & TECHNOLOGY	% OF PORTFOLIO
WOLTERS KLUWER	1,21%
RELX	0,77%
MICROSOFT	0,71%

Date: 30/09/2020. Source: Bestinver


BESTINVER
acciona

BESTINVER
acciona

OFFICES

Madrid
C. Juan de Mena, 8
planta 1
28014 Madrid

Barcelona
C. Diputació, 246
planta 3
08007 Barcelona

Valencia
C. Moratín 17
planta 2
46002 Valencia

Bilbao
C. Gran Vía 58
planta 4
48011 Bilbao

Pamplona
Avda. Carlos III El noble, 13-15
planta 2
31002 Pamplona

Sevilla
C.Fernández y
González 2,
41001 Sevilla

A Coruña
Pl. de Mina 1,
planta 4
15004 A Coruña

León
Avda. Padre Isla, 2
planta 1
24002 León

Telephone 91 595 91 00 **www.bestinver.es** **bestinver@bestinver.es**

linkedin.com/company/bestinver youtube.com/bestinverAM @bestinver facebook.com/bestinver

BESTINVER
acciona