

FCL*Capital*

March 2019

Performance

FCL Hedge	
First Quarter 2019	6,48%
First Quarter 2019 % CDI	428,76%
Since Inception	13,16%
Annualized since inception	5,86%

FCL Opportunities	
First quarter 2019 in BRL	24,63%
First quarter 2019 in USD	24,03%
Accumulated since Inception in BRL	58,88%
Accumulated since inception in USD	26,93%
Annualized Since Inception in BRL	23,93%
Annualized since Inception in USD	11,59%

Both of our vehicles performed very well in the first quarter.

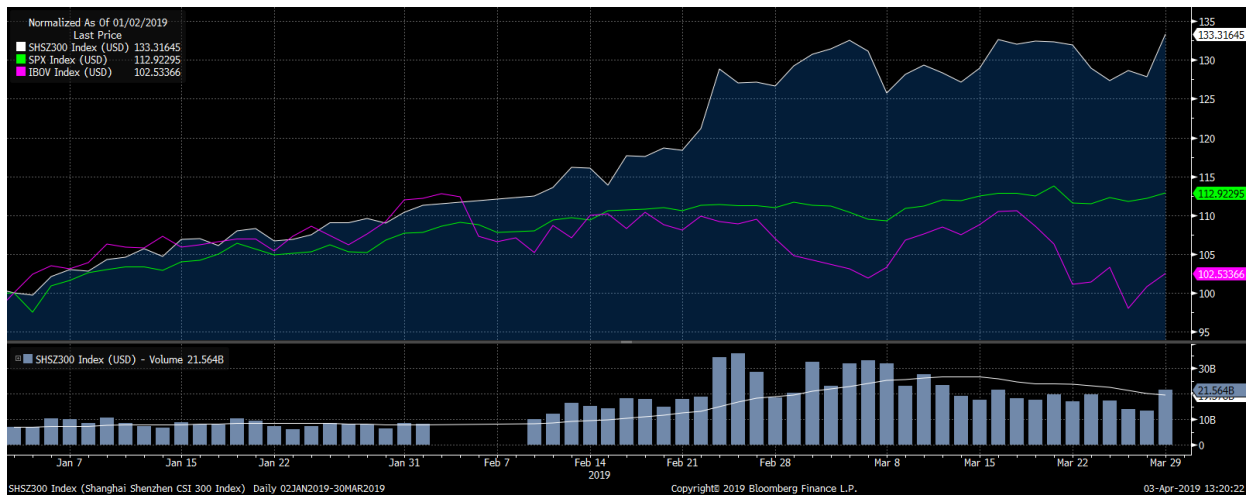
Overall, the thesis we discussed in some of our 2018 letters, that emerging markets should soon rebound from discounted valuations, has been profitable. Like we predicted Chinese and Brazilian shares carried emerging markets to a new bull market. Over the past 12 months however, what seems to have happened is that after a sudden distaste for risk assets found in the fourth quarter of 2018, investors are back to where they started.

Our FCL Hedge fund was helped by positions in individual Brazilian stocks and in the Brazilian index.

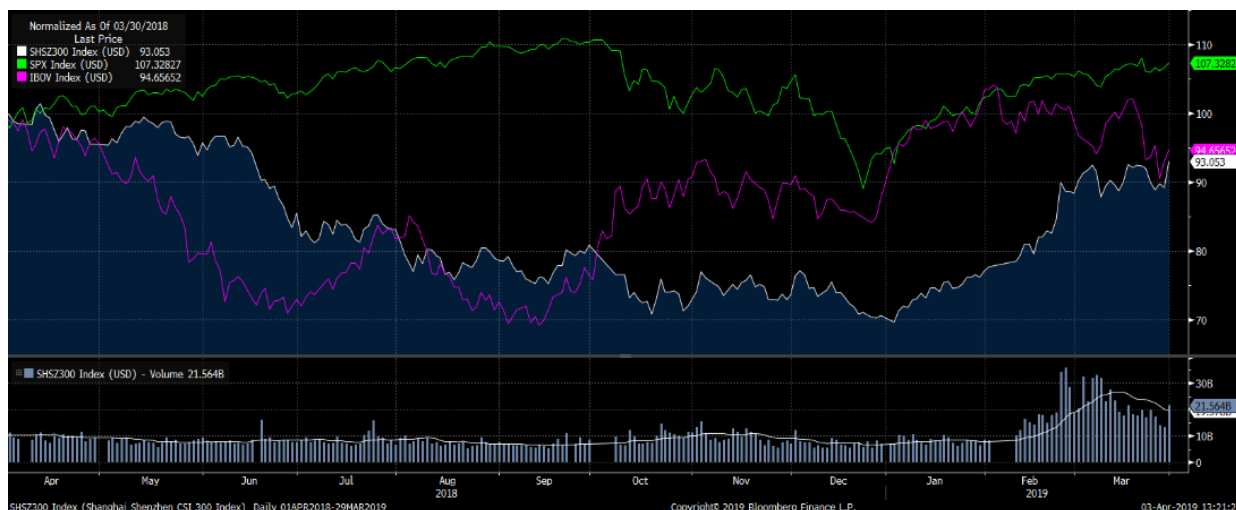
Our FCL Opportunities fund profited mainly from our positions in Chinese and Brazilian companies, especially YY, Match Group and Minerva.

Since our change of strategy in January 31st, 2017, FCL Hedge has returned + 13,16%, a return of almost 6% yearly, still lagging behind the Brazilian CDI. Over the first quarter, however, we returned + 6,48% a return of more than four times the CDI.

Since our inception in January 30th, 2017, our FCL Opportunities fund has returned almost 60% in Brazilian Real and almost 27% in US Dollars, an annual return of just south of 24% and 12% in the Brazilian and American currencies respectively. We judge that very few long-term investment opportunities have provided, in the same time period, compounded returns like those enjoyed by FCL Opportunities, especially in a time of turbulent markets.



S&P500, Ibovespa, CSI300 China, first quarter 2019, in USD



S&P500, Ibovespa, CSI300 China, last 12 months, in USD

Looking ahead, we think the discount in valuations that we were observing in emerging market shares and indexes has, to some degree, disappeared (although not completely vanished when we take the longer-term view as we can see in the charts above).

Therefore, we are increasing prudence in our portfolios (more liquidity in FCL Hedge and more developed market companies in FCL Opportunities).

We also foresee a somewhat higher cash level for FCL Opportunities in the next few months, due to our increased difficulty in finding obvious bargains. That being said, we still think we have some attractive investment opportunities already in or about to enter our portfolios in the next few months.

FCL team.

Sobre a FCL Capital

A FCL Capital é uma gestora de recursos sediada no Rio de Janeiro, cujo objetivo é maximizar o retorno de seus investidores. A FCL tem como nicho principal, mas não exclusivo, investimentos em empresas abertas, listadas em bolsa de valores (posições compradas e vendidas nos mercados acionários). Para saber mais sobre nosso trabalho, entre em contato conosco ou acesse nosso website: www.fclcapital.com.

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