

FCL *Capital*

February 2016

www.fclcapital.com

FCL *Capital*

FCL Capital

I

Investment Philosophy

We are a long term oriented value-focused investment partnership, with the mission to create a concentrated portfolio of solid and asymmetric risk-return opportunities.

We have a contrarian attitude and out-of-the-box thinking, that guides us in our search for unconventional and not obvious opportunities.

We do not try to time the market and invest in assets that we consider far from their fair price, with a long-term investment horizon and a “partner mentality”.

Conviction and concentration: we seek great value opportunities that enable us to generate differentiated returns.

FCL Equities FIA

A long-biased strategy, where we can have up to 120% of the fund's assets invested in long positions and 0% to 20% of assets opportunistically invested in short positions.

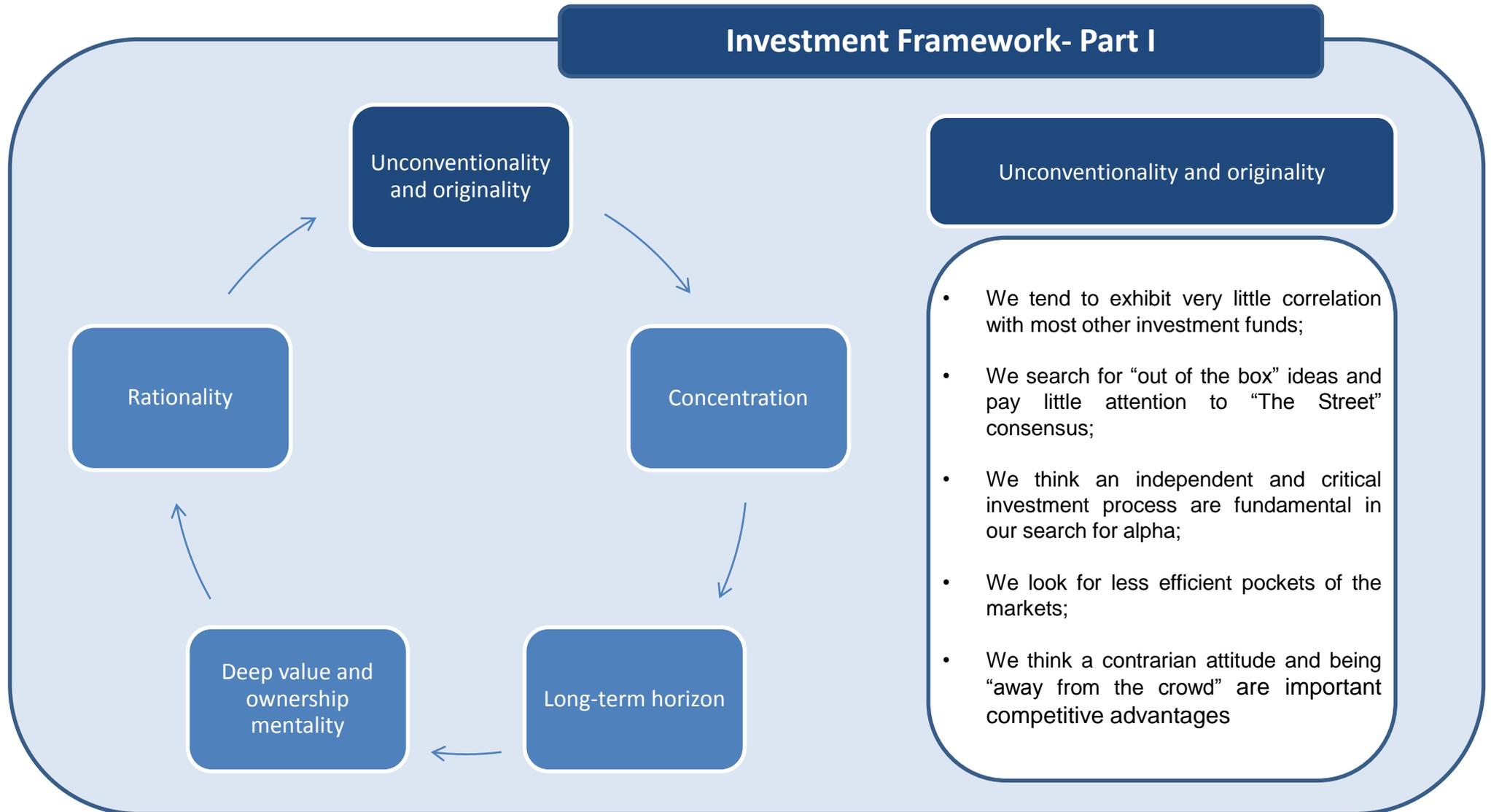
The strategy allows us to identify opportunities in assets both above and below their fair price, expanding our array of possibilities while controlling risk.

We focus on emerging markets in general and Brazil in particular, but invest globally.

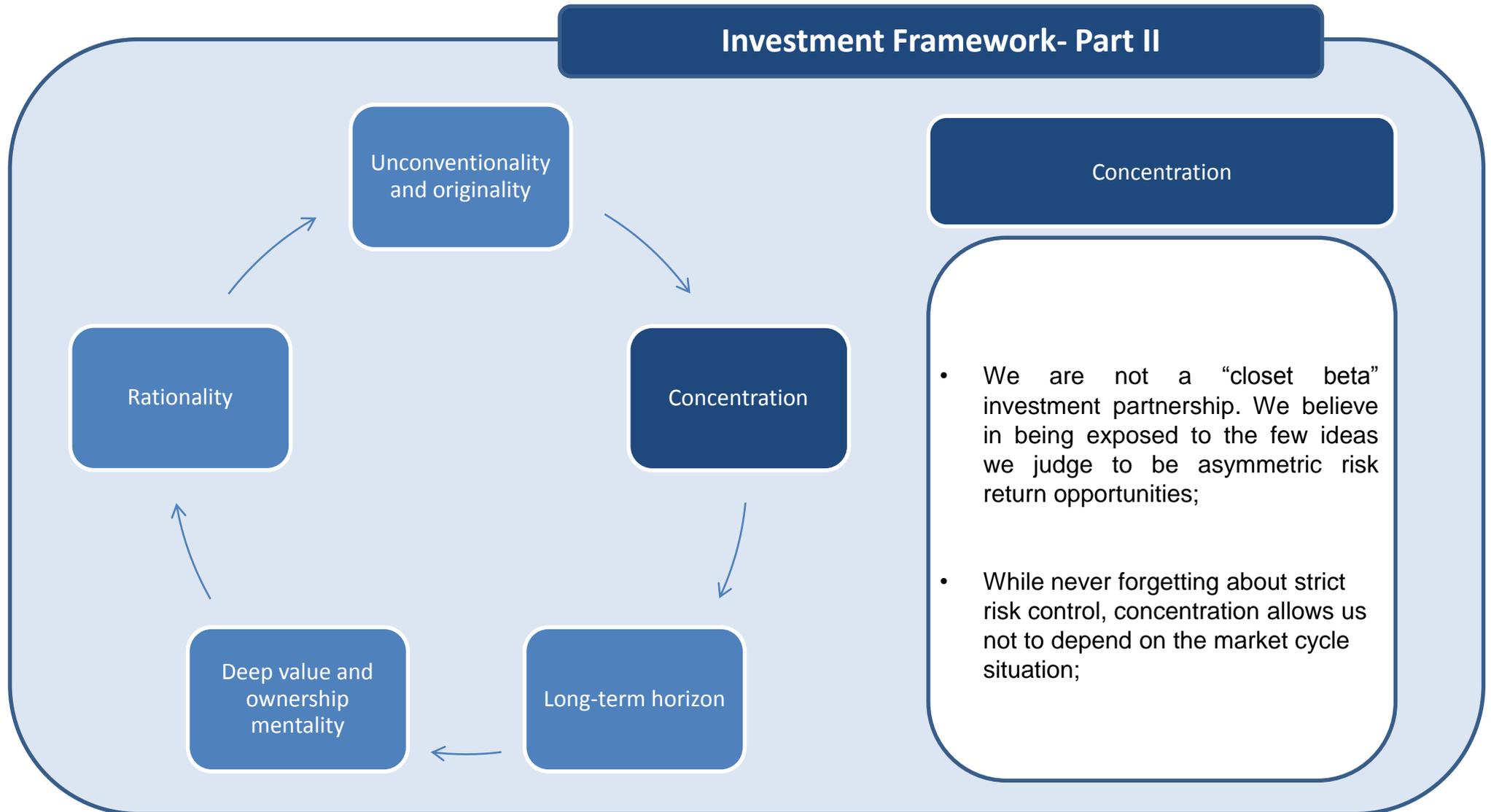
We search for less efficient corners of the market, preferably with no or inattentive sell side, where the game is “rigged” in our favor.

Ability to deliver alpha though different market scenarios.

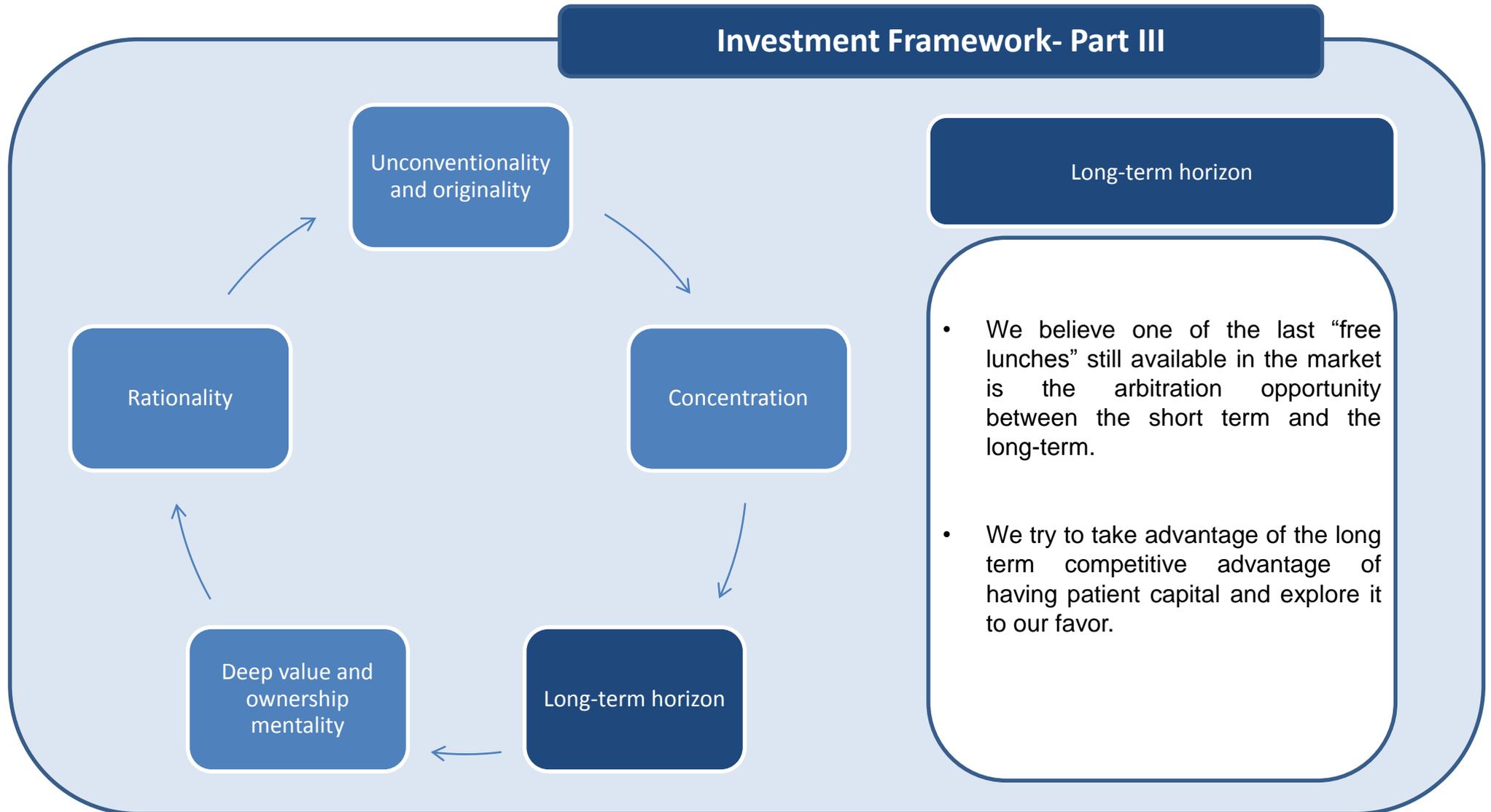
Investment Framework- Part I



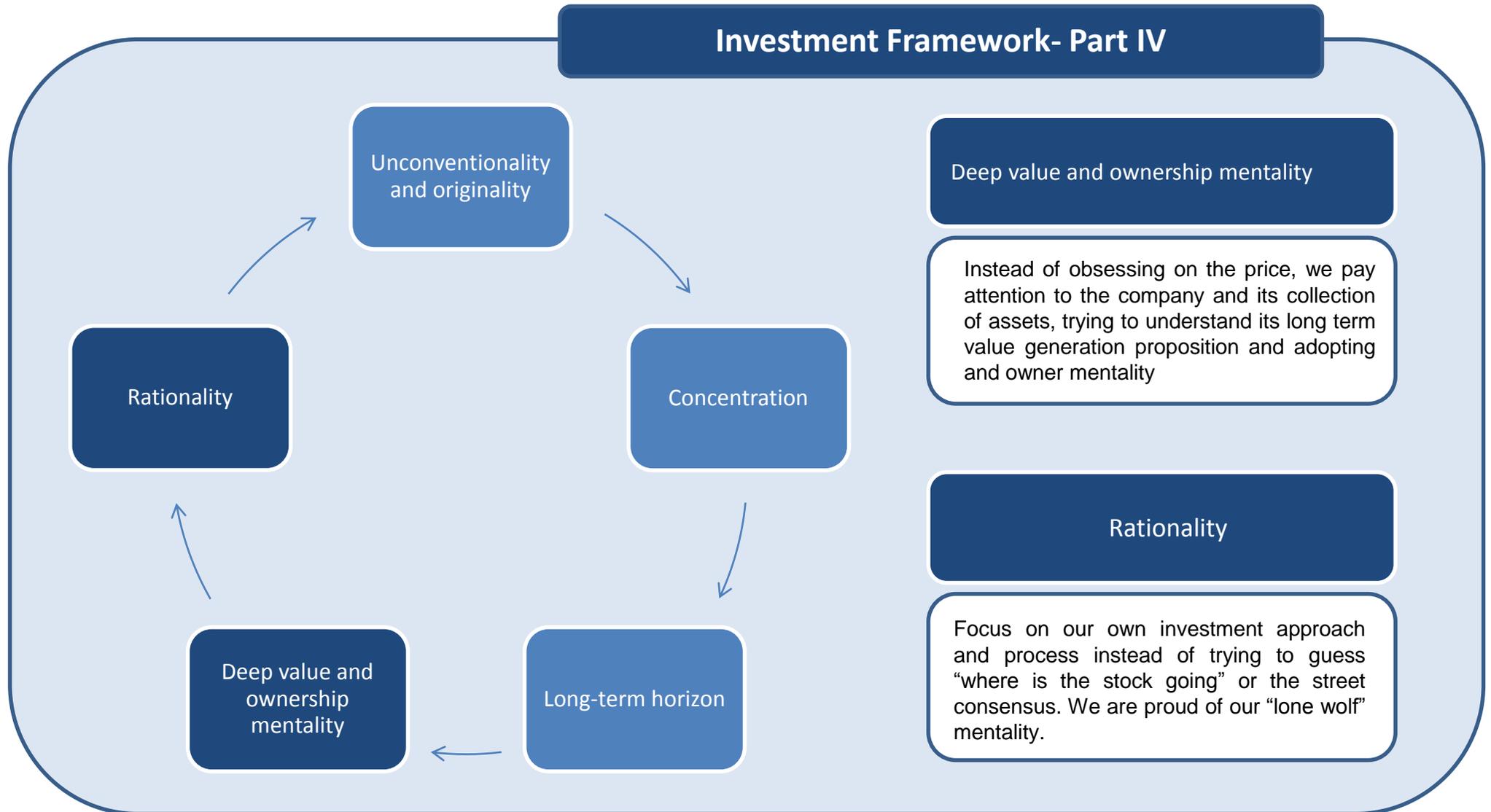
Investment Framework- Part II



Investment Framework- Part III



Investment Framework- Part IV



Value Proposition

An investment partnership focused on searching for unorthodox value ideas with a focus on Brazil.

Constant search for knowledge and for understanding the risks involved in asset, with a focus on “margin of safety” in the Graham and Dodd tradition.

Constant mapping of the macroeconomic variables while dedicating most of our time on the micro.

“On the ground” investment, with constant contact with the management and monitoring of the companies in our portfolio.

We do not seek gains from short-term speculations; Instead, we seek solid, cheap companies with strong generation of operating cash flow.

Technical Information

Management Fee	2% per year paid monthly
Performance Fee	20% of what exceeds the Ibovespa index
Subscription	T+1 (until 14:00)
Withdraw	Share conversion: T+9 / Payment: Three days after share conversion
Minimum Initial Investment	R\$ 50.000,00
Minimum Remaining Amount	R\$ 50.000,00
Minimum Amount per Transaction	R\$ 5.000,00
Anbima Classification	“Ações Livre”
Anbima Code	31971-6
Management	FCL Capital
Custody	BM&F Bovespa
Auditing	Trevisan
Administration	SLW
Target Investors	Public in General

FCL*Capital*

Company Overview

II

History

FCL Capital is an investment holding company based in Rio de Janeiro, Brazil, with the mission to be a long term oriented, value focused, investment manager in permanent search of long term investment catalysts, deep value, and unconventional and asymmetric risk/return investment opportunities.

Our competitive advantage lies in our "proprietary capital" mindset and in accepting short term volatility and smaller short term returns for superior long term alpha. We strive for positive risk adjusted absolute returns, staying solid and consistent through good and bad periods of the economic cycle.

In April 2007, we launched our first investment partnership, an Investment Club called Clube FCL Capital which generated significant alpha for its investors throughout its five years of existence.

In 2012 we converted our club into FIA FCL Equities, a Brazil-based long-short equity fund that is a natural evolution of our investment strategy.

Managers

Fernando Araujo

Fernando holds a law degree and a MBA in Finance. Actively participated from 2003 to 2007 as board member of a notable real estate company, specialized in building and managing shopping centers. Such experience, as well as his academic formation, based in law and finance, helped in shaping Fernando's distinguished abilities as a company and economic analyst. This foundation explains the success of the investment club established in 2007 that precedes FCL Equities FIA. Currently works as FCL Capital's CIO.

Besmar Lino

Graduated in economics, also holds an MBA in Finance and a Masters Degree in Corporative Governance, Besmar has over 20 years of experience in the Brazilian capital markets. He worked as manager of fundamental analysis for Banco do Brasil and PREVI, as well as board member of many companies. Besmar brings to FCL Capital, where he works as a Co-Manager, the experience and knowledge of someone who has worked for decades with the Brazilian stock markets.

Alignment of Interests

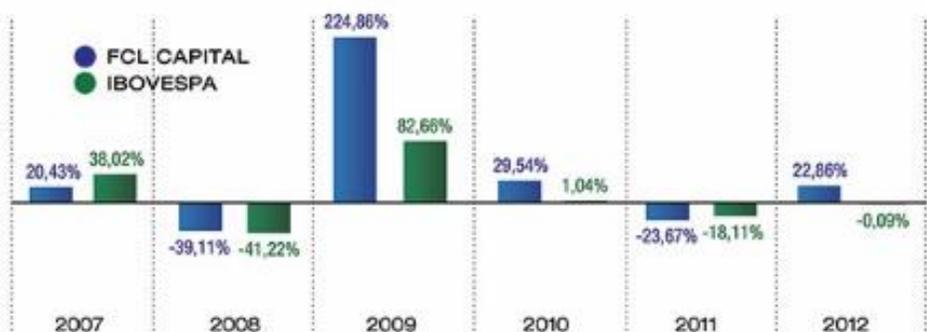
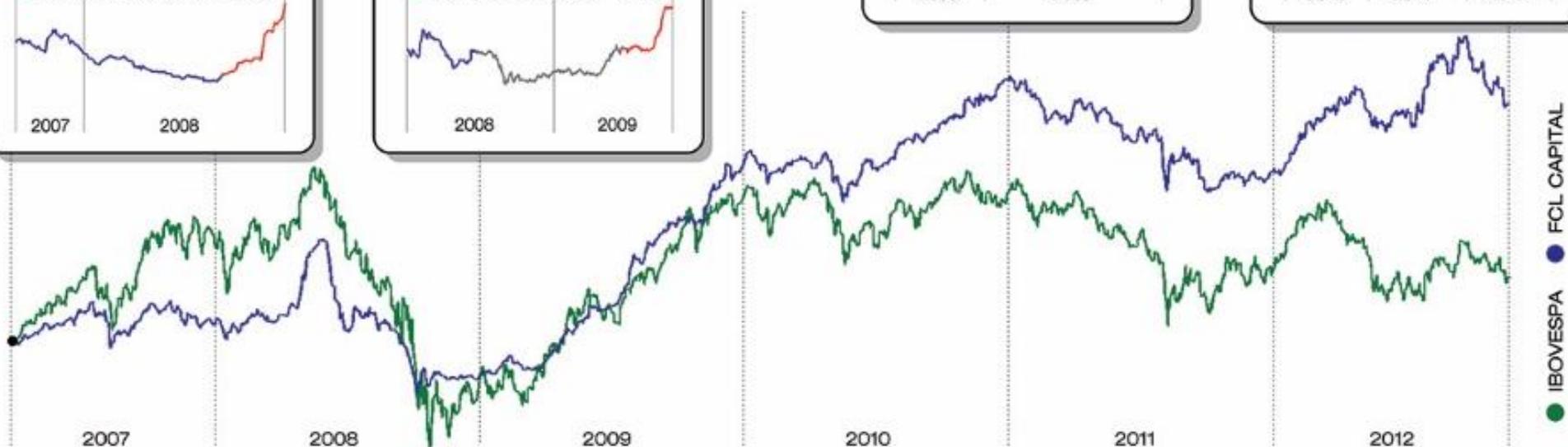
The majority of the partners and their families' wealth is invested in the fund.

FCL Capital has only one product, the fund FCL Equities FIA. There are no multiple objectives.

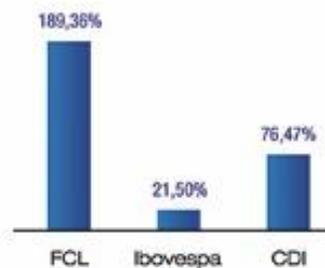
We will only be successful and consequently compensated by generating value for our shareholders.

The bonus of the management team is tied in its entirety to the fund's performance and is designed to be cumulative, creating a long-term vision and ensuring not only performance, but preservation of investors' capital.

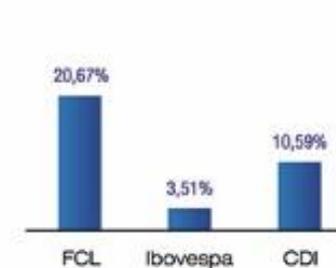
Fundado em 3 de abril de 2007, o Clube de Investimentos FCL Capital foi transformado no fundo FCL Equities FIA em 22 de novembro de 2012, fundo que mantém a mesma estratégia e filosofia de investimentos de seu predecessor. Abaixo, apresentamos o histórico do clube, com algumas operações que exemplificam o que foi feito nele e o que buscamos para o fundo.*



Retorno Acumulado



Retorno Anual Médio

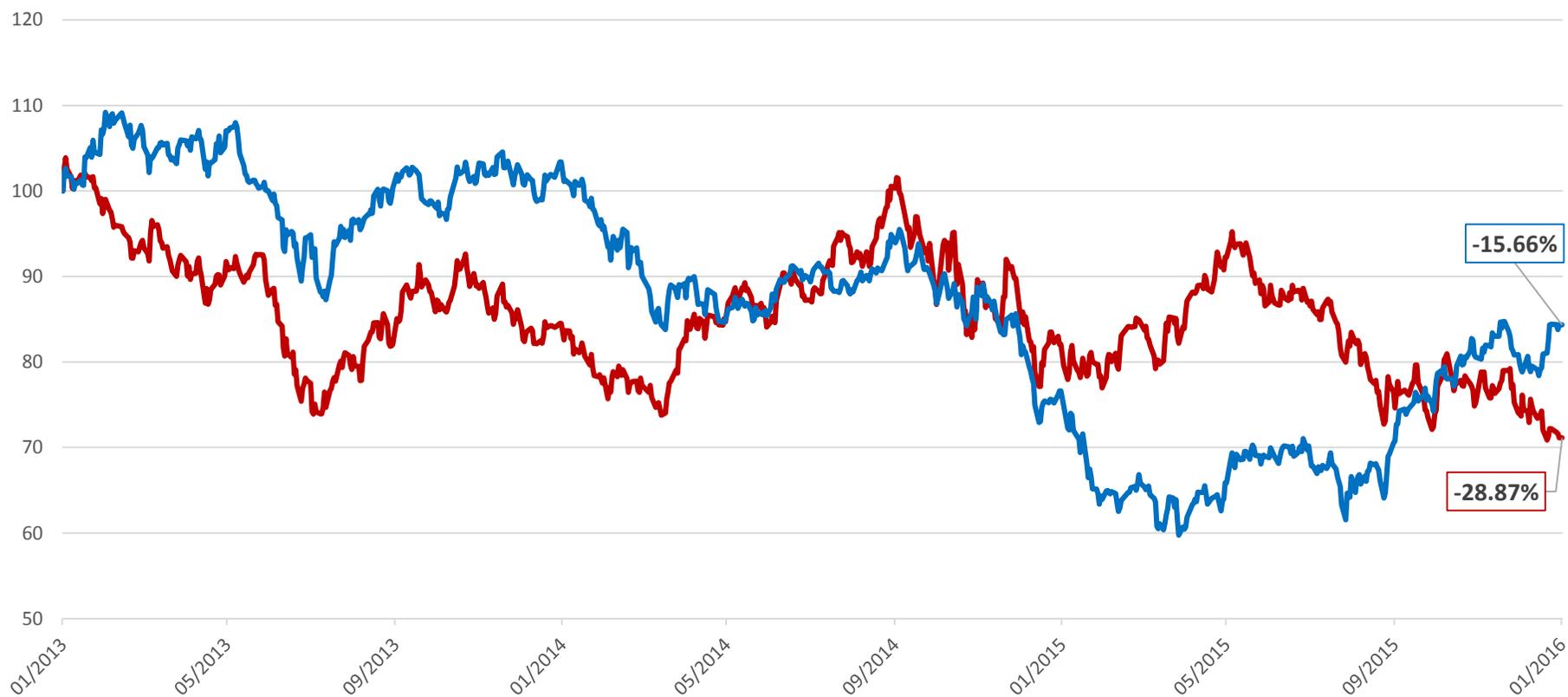


*Histórico da abertura de 03/04/2007 até o fechamento de 21/11/2012.

Desempenho passado não é garantia de desempenho futuro.

FCL Equities vs IBOVESPA, Last 3 Years

— IBOVESPA — FCL Equities



FCL*Capital*

Strategy

III

FCL Capital Strategy

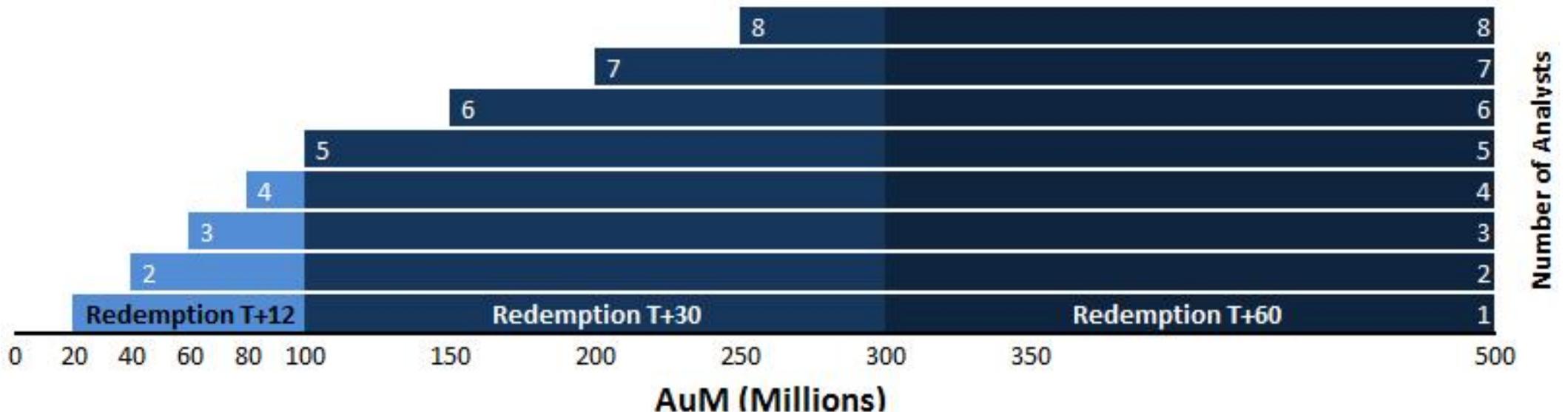
We believe that our ability to maintain a differentiated historical performance for our product will be decided by five factors, which we call the 5 drivers for consolidation of the fund:

- 1 • Team building
- 2 • Fund structure
- 3 • Aligned investor base
- 4 • Our ability to generate differentiated investment ideas
- 5 • A motivated team

Strategy - Drivers 1 and 2

Driver 1 - Team building: To build a solid team of analysts dedicated to analyze companies and positions for the FCL Equities fund, focusing on both internal training and the hiring of people with experience and know-how.

Driver 2 – Fund structure: To structure the fund, thus creating a platform that allows flexibility and manageability.



Strategy - Drivers 3 and 4

Driver 3 – Aligned investor base: The quality of our investor base is a key ingredient to the quality of our management. We seek investors that are aligned with our management philosophy and goals, who believe in the discipline of value investing and are able to look beyond the financial and economic cycles.

An aligned investors base allows us to pursue long-term goals. Investment houses of success in Brazil and abroad were able to create an investor base in line with its investment philosophy, which proved to be a relevant source of competitive advantage in the industry.

Driver 4 - Our ability to generate differentiated investment ideas: A structure in which we organize our team of analysts in terms of ideas and projects for investment analysis, and not by the traditional sector based analyst division.

Maximum impact of the time spent by our team on projects of possible relevance to the fund, cross information, greater possibility of collaboration, creativity, insights out of the "commonplace" among other advantages.

Strategy - Driver 5

Driver 5 - A motivated team:

A meritocratic culture, with a long-term vision that encourages creativity and the “owner” mindset.

The members of our team will be a relevant part of the project and not mere employees.

A structure based on ideas, which enables the time of our team to be fully dedicated to possibly relevant ideas for both long and short investments.

Alignment of interests between founders and staff, since we distribute a big part of our performance fee for the staff.

An environment to stimulate knowledge and personal improvement.

FCL*Capital*

Investor Relations

fcl@fclcapital.com

info@fclcapital.com

Avenida das Américas 500, Downtown

Bloco 3, Sala 125

Rio de Janeiro / RJ - Brasil

CEP: 22640-100

Telefone: (55) (21) 3268-7918

www.fclcapital.com

Auditor



Custodian



Regulation



Administration

