

# FCL*Capital*

*August 2018*

[www.fclcapital.com](http://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 try to 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 Core Values

Focus on the inefficient corners of the market .

Focus on the big picture and not on feelings and opinions of the moment.

A global mindset ready to embrace permanent change

A culture of excellence and strong dedication.

An environment of passion and intensity.

**FCL investment sweet spot**

No Investment Edge

Inefficient Markets

Inefficient Markets  
&  
Real Investment Edge

Efficient Markets

Real Investment Edge

## FCL Opportunities

### Fund Characteristics

FCL Opportunities is a vehicle for sophisticated investors seeking long term exposure to global investment opportunities shaped by the rise of emerging markets, global convergence and the technological revolution, with a focus on BRIC related stock ideas located in G7 countries.

### Investment Philosophy

- A long term value investment partnership seeking to identify and profit from global trends and investment opportunities given birth by the rise of BRIC countries
- A focus on “out of the box” and away from consensus investment ideas
- Long term and capital preservation focus
- Deep research and constant monitoring of the market with a global mindset
- Positive long term dollar compounding returns as an objective

## FCL Hedge

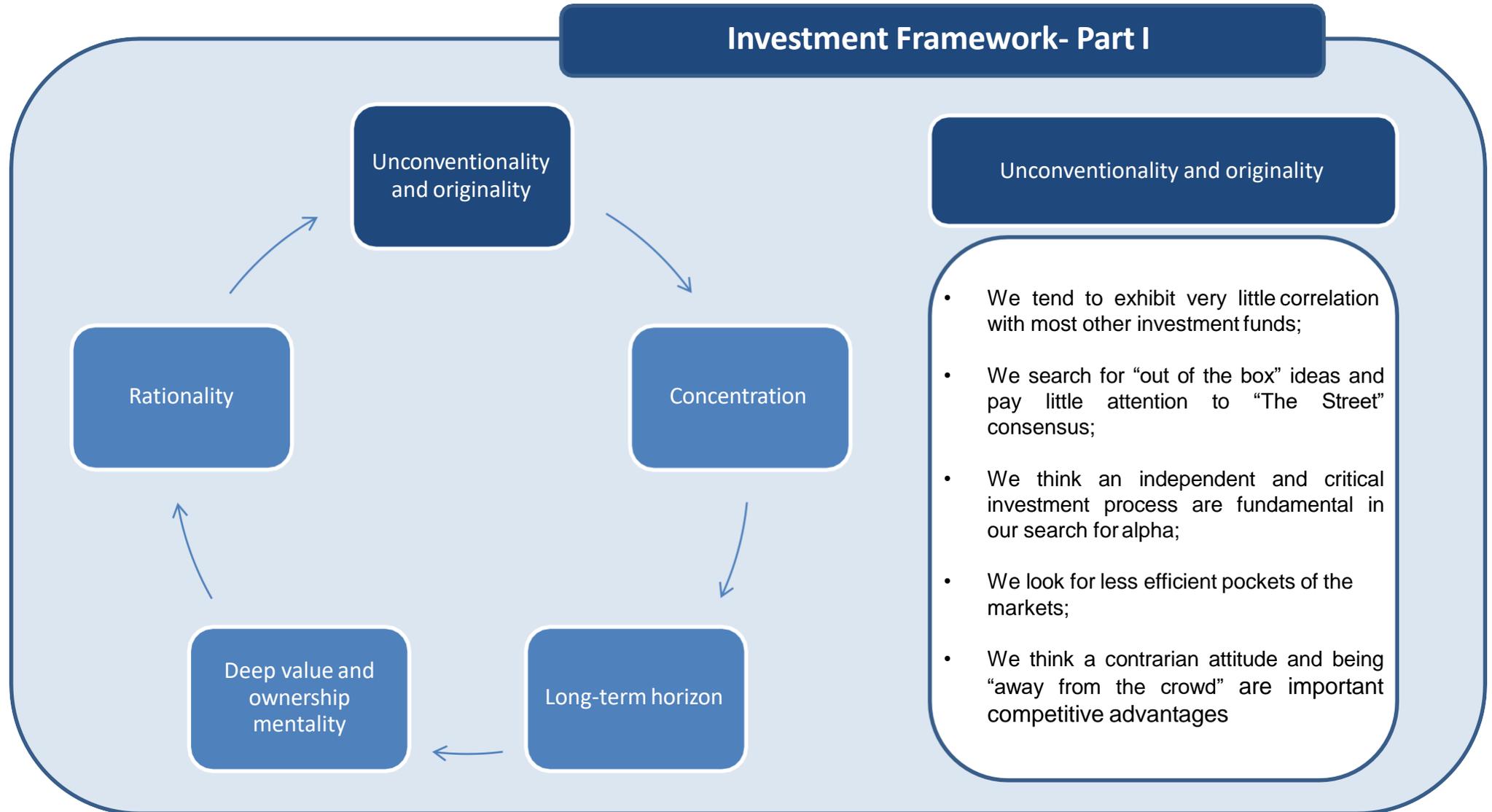
### Fund Characteristics

FCL Hedge is a Brazil based fund to investors in general looking for an investment solution able to outperform the local CDI Benchmark in medium and long periods without incurring in too much volatility.

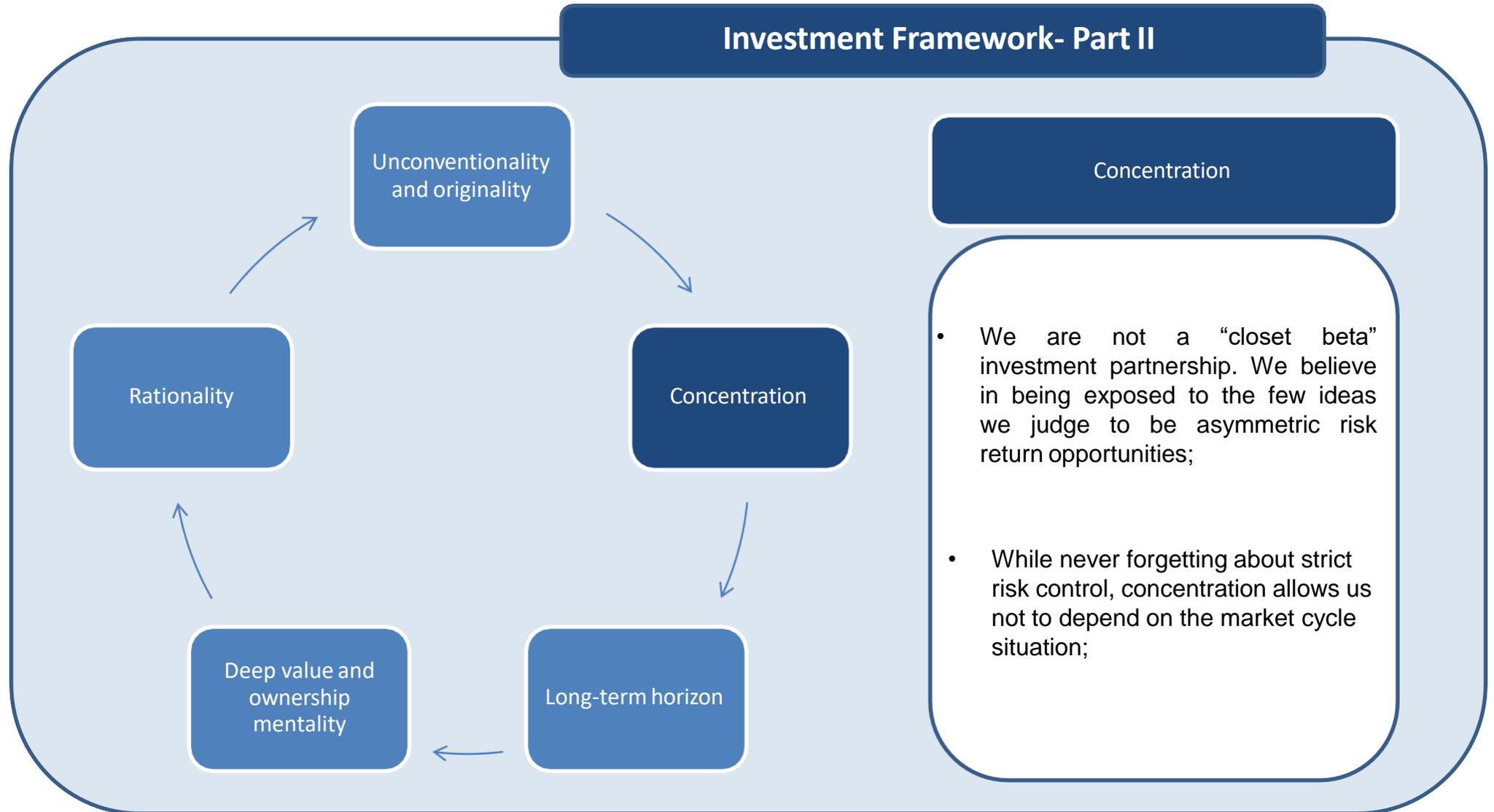
### Investment Philosophy

- Strict risk control discipline
- Focus on outperforming CDI index
- Focus on top down allocation of companies listed on the Brazilian stock exchange
- International exposure of up to 20% of fund's net assets

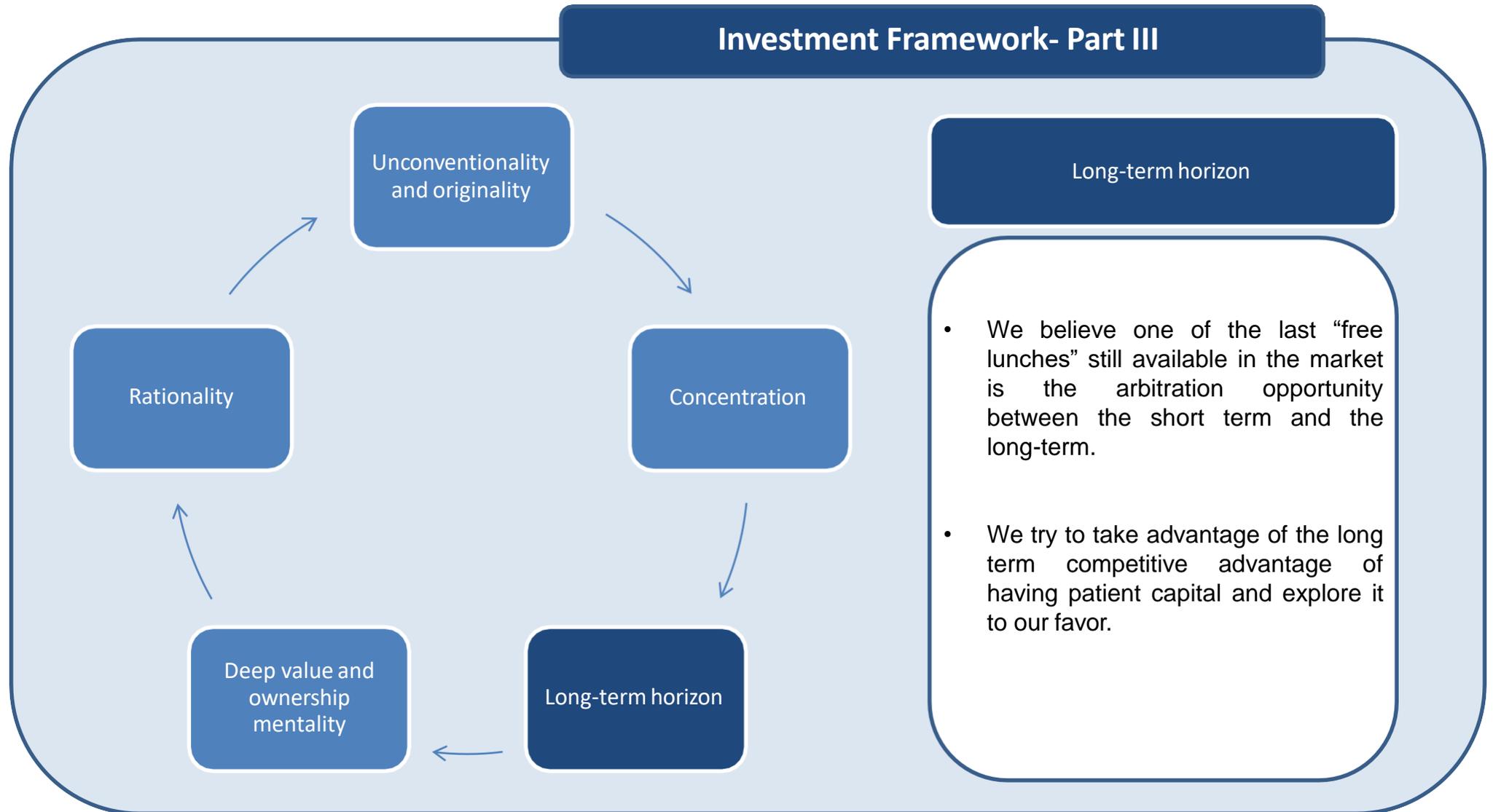
## Investment Framework- Part I



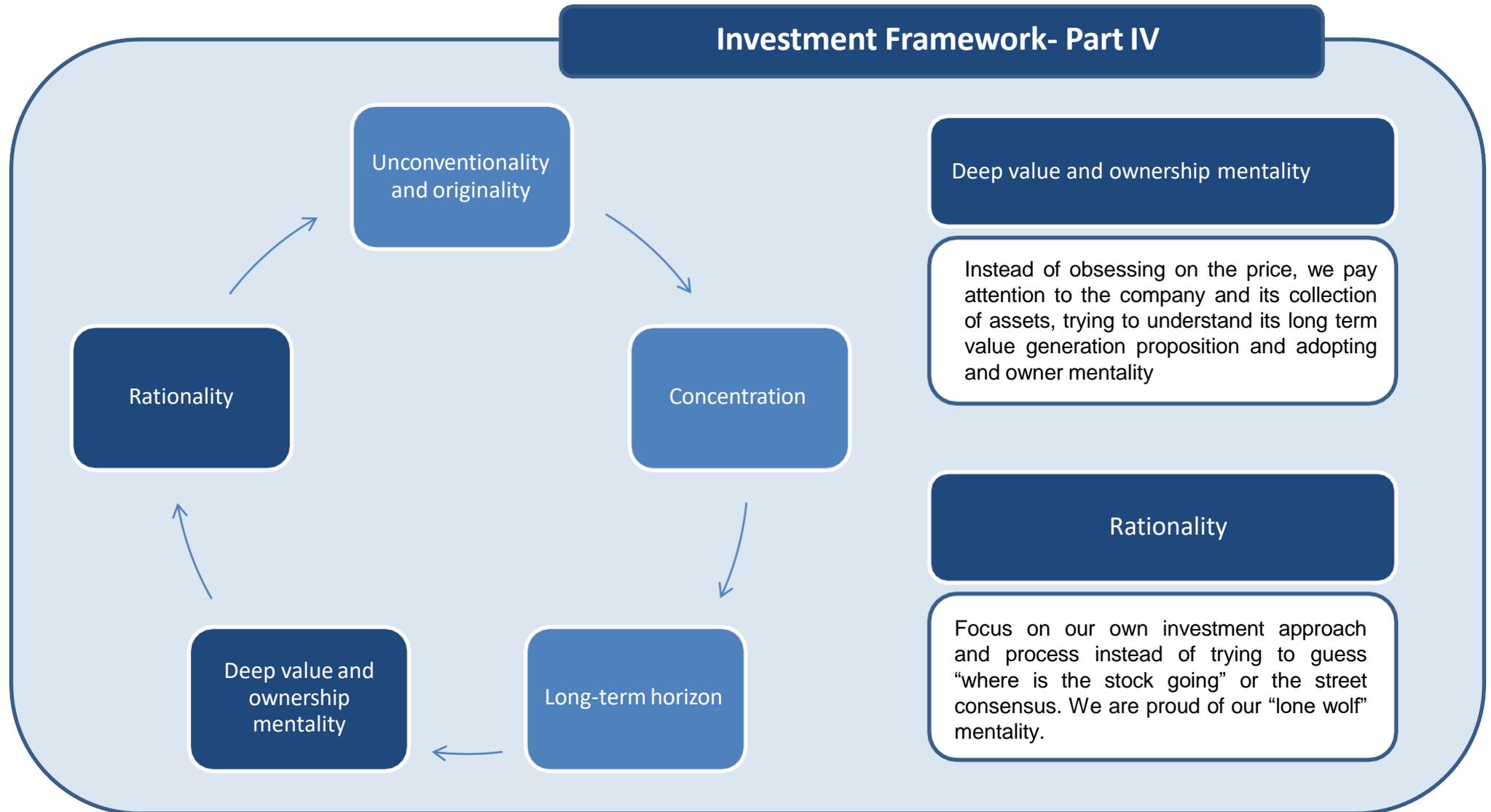
## Investment Framework- Part II



## Investment Framework- Part III



## Investment Framework- Part IV



## Value Proposition

An investment partnership focused on searching for unorthodox value ideas with a focus on emerging market related themes.

Constant search for knowledge and for understanding the risks involved in the 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 believe our long term investment edge is a longer term time frame, semi permanent capital, a deeper understanding of emerging markets and a focus on the inefficient corners of the global economy’.

**FCL***Capital*

# Company Overview

**II**

## Company

FCL Capital, a long term oriented, value focused, global investment holding company specialized in searching for deep value, unconventional and asymmetric risk/return investment opportunities.

FCL is proud to have an “out of the box” investment philosophy, with a longer time frame and a willingness to hold unloved investments. We believe in value, in buying exceptional business at discounted prices, in thinking “beyond conventional wisdom” while looking for neglected and unconventional investments and unlocking value through a superior analytical framework , with a disregard for consensus and popular opinions.

## Managers

### **Chief Investment Officer - Fernando Araujo, CFA**

Fernando holds a law degree, a MBA in Finance and is a CFA Charterholder. He 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 Opportunities. Currently works as FCL Capital's CIO.

## Alignment of Interests

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

FCL Capital is solely focused on asset management and managing its investors portfolios for long term value creation. There are no multiple objectives or conflicts of interest.

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.

**FCL** *Capital*

**Strategy**

**III**

## FCL Capital Strategy

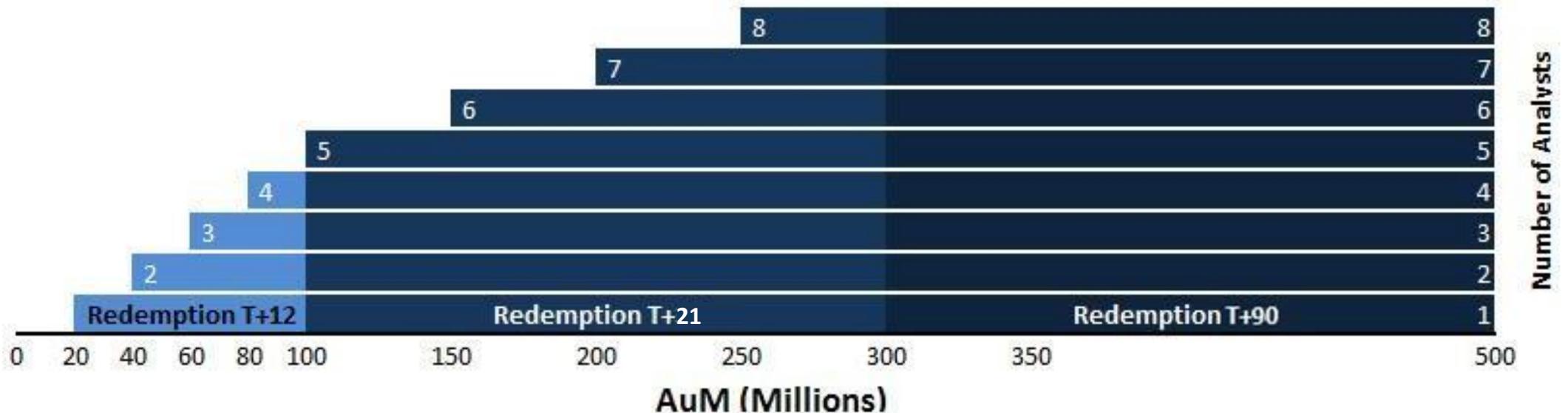
We believe that our ability to maintain a differentiated historical performance for our product will be decided by five factors, which we call the 5 drivers for consolidation of the fund:

- 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 Opportunities fund, focusing on both internal training and the hiring of people with experience and know-how.

**Driver 2 – Fund structure:** We believe a potential source of alpha is having permanent capital and a superior vehicle structure optimized for alpha.



## 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, they are expected to have a substantial part of their assets and their families net worth with us.

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.

## Top Performing Fund in 2016

### Performance

FCL had the honor of having its FCL Equities fund listed in 6th place among the thousands of Latin American equity funds tracked by **Preqin** the world's most respected Hedge Fund performance tracking publication..

### FCL Equities

FEATURED AS A

**TOP PERFORMING  
LATIN AMERICA-BASED HEDGE FUND**

2017 Preqin Alternative Assets Performance Monitor



Fig. 8.23: Net Returns of Top Performing Latin America-Based Hedge Funds, July 2016 - June 2017

Rank	Fund	Manager	Headquarters	Core Strategy	12-Month Net Return (%)
1	Alaska Black FIC FIA	Alaska Asset Management	Brazil	Value-Oriented	57.44
2	Horizon Growth Fund	Horizon Capital Management	Uruguay	Long Bias	32.90
3	Polo Norte FIM	Polo Capital Management	Brazil	Multi-Strategy	32.74
4	SPX Raptor Feeder	SPX Capital	Brazil	Macro	31.82
5	Bresser AÇÕES FIA	Bresser Asset Management	Brazil	Long/Short Equity	30.09
6	FCL Equities	FCL Capital	Brazil	Long Bias	29.47
7	Oceana Selection FIA	Oceana Investimentos	Brazil	Value-Oriented	29.25
8	Oceana Valor FIA	Oceana Investimentos	Brazil	Value-Oriented	29.09
9	Kapitalo Zeta FIQ FIM	Kapitalo Investimentos	Brazil	Multi-Strategy	28.71
10	Teórica Equity Hedge	Teórica Investimentos	Brazil	Long/Short Equity	28.50

Source: Preqin Hedge Fund Online

# FCL*Capital*

## Investor Relations

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## Auditor



## Custódia



## Regulamentação



## Administração

