

# FCL*Capital*

June 2018

## Performance

FCL Hedge	
First Semester 2018	-1,98%
First semester 2018 % CDI	-0,62%
Ibovespa first semester	-6,58%
Last 12 months	2,04%
Last 12 months % CDI	50,30%

FCL Opportunities	
First semester in \$USD	1,21%
First semester in \$BRL	18,06%
US CPI last 12 months	2,80%
S&P500 first semester in USD	1,48%
MSCI All World Index first semester	-1,97%

## FCL Hedge Portfolio 30/06/2018

Biggest Positions	Fund's Total Net Asset Value %	Country
Operações Compromissadas	47,98%	Brazil
LFT 2022	7,07%	Brazil
LFT 2023	7,07%	Brazil
NTNB 50	5,95%	Brazil
NTNB 22	4,08%	Brazil
NTNB 24	3,84%	Brazil
CSI 300 China Index	3,79%	China
Braskem PNA	3,75%	Brazil
Ishares Bovespa	2,60%	Brazil
Minerva	2,32%	Brazil
Global Uranium ETF	1,84%	Global
Cash US Dollar	1,84%	USA
Ipath Commodity Index	1,39%	Global
Log In Logística	1,33%	Brazil
Materials Index	1,16%	Brazil

## FCL Opportunities Portfolio 30/06/2018

Maiores posições	% Valor Patrimonial Líquido Total	País
Gannett	9,10%	EUA
Anta Sports	8,98%	China/Hong Kong
Match Group	8,72%	EUA
YY	8,04%	China
Dufry	7,95%	Suíça
Braskem	6,36%	Brasil
IWG PLC	6,32%	Reino Unido/ Suíça
TTM	6,18%	EUA
Fixed Income	5,96%	Brasil
Fu Shou Yuan	5,63%	China
Pandora	4,36%	Dinamarca
Fleury	4,28%	Brasil
Xiabu Xiabu	2,17%	China
Vipshop	2,18%	China
Portobello	2,16%	Brasil
Log In	1,35%	Brasil
Yatra Online	1,34%	India

FCL Opportunities was the highlight of this semester. Our main fund appreciated more than 18% in Brazilian Real in this semester and almost 2% in US Dollars.

Since inception, a little under 18 months ago, FCL Opportunities has appreciated more than 50% in BRL and more than 22% in USD, a result we find exceptional.

As it is well known, the fund buys companies from around the world that have its revenues in a series of currencies, like the US dollar, the Euro, the Chinese Renminbi, the Brazilian Real, etc. So, two things can be expected as a rule of thumb:

a. In periods of devaluation of the Brazilian Real against the US Dollar like this past semester, our performance when measured in Brazilian Real will be especially strong.

b. In periods when the US Dollar rises against almost every other currency, also like this past semester, the fund tends to underperform when measured in US dollars, since its portfolio of companies will be comprised of revenues in depreciating currencies.

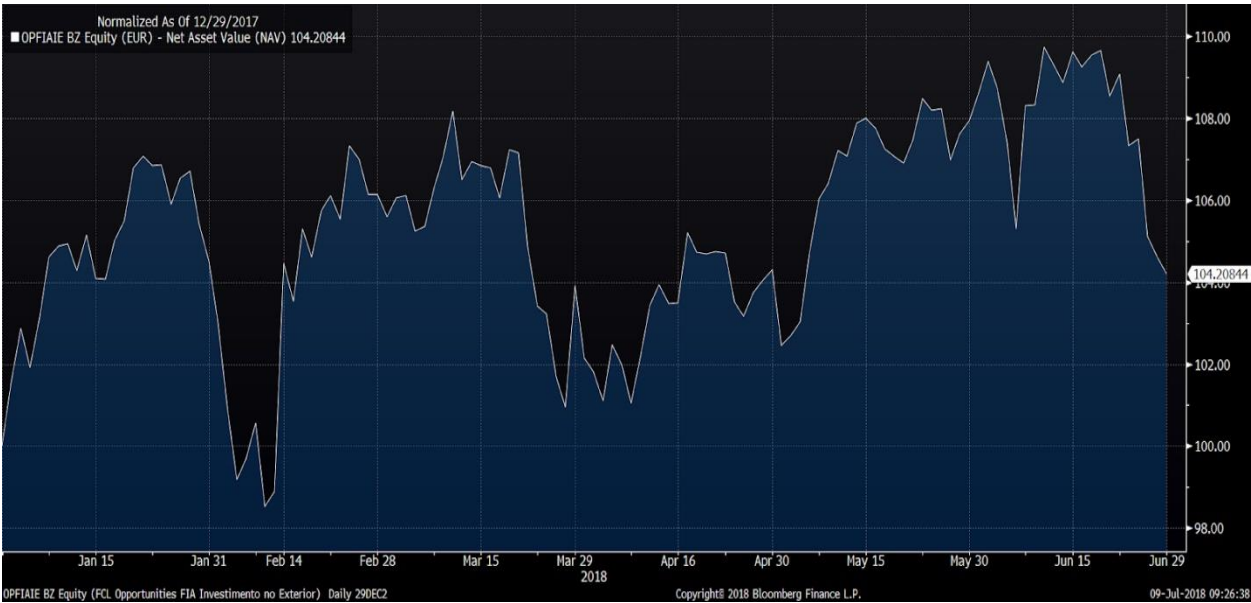
When faced in both scenarios, our fund not only delivered the expected overperformance in Brazilian Real, with a 18% performance in the semester, but also was able to provide a small but positive performance in US Dollars, even faced with the fact that the US Dollar rose against almost any other asset.



US dollar index (blue), USDXBRL (green), USDXEUR (purple), USDXYuan (red), YTD.



FCL Opportunities in USD, YTD: + 1,21%



FCL Opportunities in EUR , YTD: + 4,21%



Fcl Opportunities in \$BRL, YTD: + 18,06%



FCL opportunities since inception, in \$ BRL: + 51,73%



FCL Opportunities since inception, in \$USD: + 22,39%

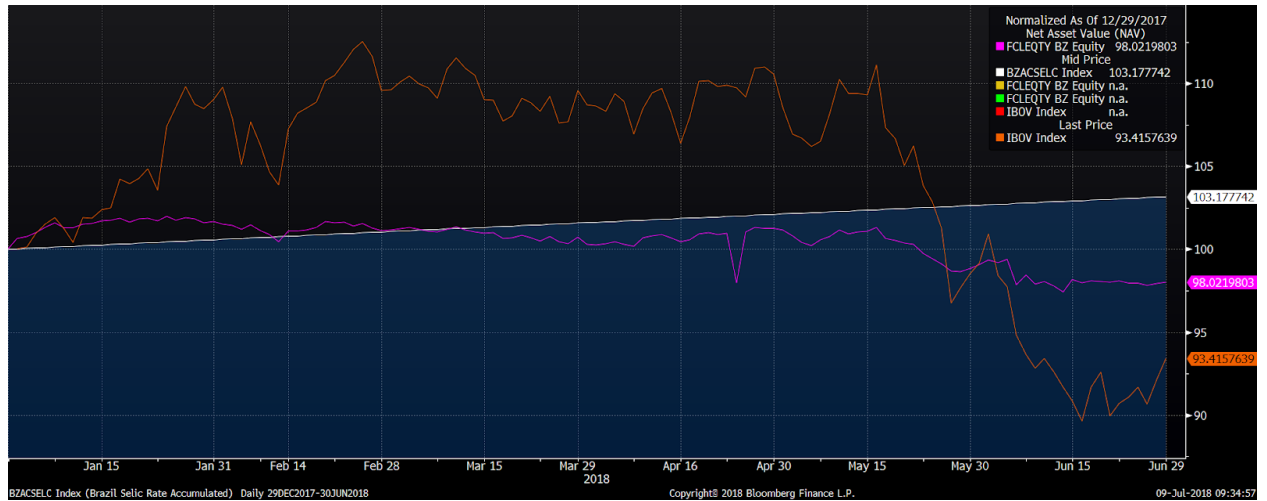
As for FCL Hedge, it was a tough semester. The main detractor to our performance was the performance of the Brazilian stock index where FCL Hedge was positioned.

It was a bad call: over the course of this semester the Brazilian stock exchange struggled with the terrible fiscal situation and low growth of the country and the threats of a global trade war and an uncertain new president starting next year.

We have since closed this position and decided to refocus our fund on what this house can do best: the micro not the macro. We have new positions in specific Brazilian companies and are very excited and confident about FCL Hedge's new chapter.

Even more important, we are for the first time in a long while excited about the prospects of the Brazilian economy and Brazilian stock index. We think for the first time in a while investors are being properly

compensated for the risk of owning Brazilian stocks and there are some quality companies at very attractive price. In other words, since we are not at the cutting edge of productivity we are at least becoming a cheap country. And this should not be overlooked: several opportunities, in sectors like agriculture, exporters and even real estate start to abound due to cheapness.



Brazil CDI (white), FCL Hedge (purple), Ibovespa (red), First semester 2018.



Ibovespa (red), Brazil CDI (white), FCL Hedge (purple), last 12 months

So, for an interesting twist, unlike this past year we are more optimistic about domestic prospects than global ones. On a global level, like we said in our march letter, we think moments of synchronized global growth with no inflation are rare. We see many troubles ahead, from higher interest rates across the developed world to trade friction that can undermine consumer confidence.

As for the remaining of the year our investors can expect FCL Opportunities exploring new and exciting companies with a focus on smaller cap and especially Asian companies that are on the region we think is currently the most fertile ground for long term value investors and FCL hedge should increase its positions on specific Brazilian companies being traded at discounted valuations.

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](http://www.fclcapital.com).

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