



QUARTERLY REPORT

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THIRD QUARTER / 2013



INVESTIDOR  
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The change in the market price of IP-Brazilian Equities holdings resulted in a 4.7% return in the third quarter of 2013 and -7.9% for the full year.

We made only few changes to the portfolio in the quarter. Although we allocated more resources to some companies, in overall terms the corrections in the prices of the companies we admire in Brazil were still slight.

The “fashionable” sectors and companies which, by definition, attract most attention from the market players provide no fertile ground for big opportunities. Therefore, it is worth recalling how the investment environment in Brazil has developed to explain where we have invested more recently.

Many foreign investors and a large number of the hundreds of domestic fund managers have been disappointed time after time over the last five years. Commodities have never been a particularly appealing investment and as soon as their long upward movement came to an end, their underlying weakness became apparent and the share prices quickly lost their appeal. Most of the state-controlled enterprises, which had registered higher profits for various reasons, resumed posting the usual uninspired results. Investors were reminded that governments change often, inefficiency is rife, resources are wasted, populism takes over and taxpayers’ money etc. Many investors saw utilities as an oasis at that time, thanks to their more predictable results and the strong dividend payments against a backdrop of falling interest rates. The problem is that, unfortunately, these companies operate in Brazil. The disastrous result of government pressure and interventions in the sector are well known. The last straw was the collapse of

the “X” group of companies. They showed what had been obvious for some time: those who had profited with these shares in the past were very skillful in gambling at the right moment. There never was – or would soon appear – cash flow generation that would remotely justify the risks and astronomical prices the market attributed to these shares.

The successive disappointments of recent years have drawn investors’ attention — and resources — towards the select group of companies we admire. The result, as commented in the past, was that the prices of many of these shares rose to levels that significantly lowered the likelihood of good returns in the future.

The modest corrections in the prices of these “companies we admire” in the first nine months of the year were followed by hasty buy orders in the market. It was as though investors’ eyes had been glued to their trading screens all day and their fingers on the “mouse” ready to fire off a buy order at prices that were 5% to 10% cheaper. A bargain!

The psychology is even more curious. At times, we also see that some investors feel secure even though they pay high prices for the companies for the simple reason that they “follow the business in detail”. We do not believe the path for good investments can be boiled down to blindly following fixed instructions. It is not enough to visit a certain company a number of times, gain an in-depth knowledge of its competitors, or be friendly with its executives. Regardless of all the research done, there is no escape from simple arithmetic: if you pay too high a price then the return will be low or even negative.

Obviously, you can pay a high price and, with a bit of luck or a sudden “buzz”, someone will be

willing to offer an even higher price. We are going back to the dangerous gamble which, incidentally, we feel has been very lively in recent years. It is as though two or three people in the middle of a group of investors are whispering about a new idea among themselves: "BR Craze"<sup>1</sup>. Others nearby overhear them, are curious and become hooked — "BR Craze?!" — and run off to buy it. Within a few moments, the rest of the group is excited and starts chanting "BR Craze! BR Craze!! BR Craze!!!". The new mania takes off. When the hysteria achieves critical mass and the share price soars, the first buyers take advantage and sell some of their holdings at a profit. The company's real (de)merits will only be known much later when that fervor has been forgotten and another one has arrived.

Fashions and crazes exist on any market, not just in Brazil. What is important though is that the group of investors as a whole did not profit, although some lost money to others. We do not regard pursuing the idea of gaining money "at the expense of others" as safe or sustainable. We prefer to obtain our return in a solid way, through the appreciation of investments bolstered by the ability of our companies to generate growing free cash flow.

Unfortunately, the current investor interest in good companies and the ensuing multiples are not helpful in bringing about attractive investments. On the other hand, when there is little enthusiasm in a certain sector, interesting opportunities can sometimes be identified.

One current example is the real estate segment, which we have not traditionally been attracted to. However, the sharp declines in the share prices and low valuations – stemming from the disappointment and subsequent aversion to the segment – could be positive signs for the patient investor.

After listing their companies on the stock market,

few of the real estate sector entrepreneurs kept their heads. Most were concerned about presenting figures and promises that pleased the market and sell-side analysts. The disorderly growth brought serious problems. Some slammed the brakes on in time and avoided a greater disaster but, unfortunately, most did not brake at all and drove straight off the track.

We feel this is a tough business but believe good returns are possible. This was the case with companies that avoided the carnage by being skillful and responsible. Furthermore, although the final demand for homes may have slackened, the long-term potential cannot be denied, seen in the ongoing low level of housing finance in Brazil compared with other countries.

The cyclical nature of the business is negative but some companies are currently in an interesting point of the cycle. If companies had previously consumed a lot of cash while growing and carrying out an increasing number of projects, nowadays they are moving in the opposite direction, in some cases, with more developments at the transfer than the launching stage. This creates a cash generation cushion which increases the chances of dividends and buybacks and naturally reduces the risk of capitalizations at low prices (common in the sector). Moreover, thanks to the renewed caution of the controlling shareholders and executive teams, we will likely see better upcoming margins and returns than in recent years.

We are currently investing in three companies in the sector, with different weightings, based on our appetite for risk. Each has quite different characteristics. When we weigh up their business models, skills and alignment with executives and controlling shareholders, plus price, we find attractive combinations in all three cases.

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<sup>1</sup> A reference to the innumerable "BR-Companies" created over the last 10 years.

## PERFORMANCE

The change in the market price of IP-Global's positions resulted in a 3.0% variation in the NAV per share for the third quarter of 2013 and 18.4% for the full year. Since its inception in 2001, the accumulated return of IP-Global has amounted to 139.8% in dollar terms.

## PORTFOLIO

The third quarter contrasted with the previous quarter and was marked by low portfolio activity. We would even repeat here what we said in the first quarter report: "The recovery in the US and the optimism in the market were intact". Due to the ongoing rise in prices, we reduced the fund's exposure. Despite this, the number of cash positions in the portfolio rose from 17 to 18 (considering the "gold basket" as a position).

We analyzed a number of new companies with attractive looking business models and came away with positive first impressions of the quality of the people. None looks like a great bargain but as we always say "it is better to buy a spectacular business at a reasonable price than a reasonable business at a spectacular price". The spectacular business continues to grow over time and the marvelous concept of compound interest conspires in our favor.

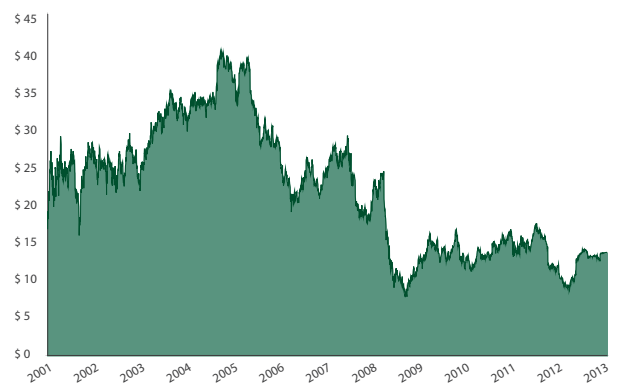
Care needs to be taken, even when buying a spectacular business at a reasonable price, over how much risk there is of a sharp fall in prices shortly afterwards — whether for company specific reasons or widespread market reasons. At first sight there is nothing wrong with that. Good businesses normally overcome these obstacles and make them irrelevant in time. However, if we are correct about the quality of the company and its market value is

not very large, the risk of it being acquired cannot be ignored.

In this situation, we cannot take advantage of the passing of time, which is the most important factor in obtaining the value of a great compounder. We are forced to sell a position at a price that, although higher than immediately before the offer, is not necessarily higher than our cost and certainly lower than our view of the value that could be realized in the long term.

For this reason, we are overcautious in terms of the price we pay in cases of exceptional small-scale companies. This can lead to frustration and lost opportunities should the acquisition not go ahead (and the company heads along its glorious path to value creation).

A concrete example of a company we did not think was that good — or that small — was the buyout of Dell by Michael Dell (the founder) and the private equity company Silver Lake Partners. The following graph shows the prices of the shares and our line of thought. Although Dell & Partners are paying a premium (US\$ 13.65) over the price immediately before the offer and increased it slightly (US\$ 13.88), following the avalanche of criticisms and legal threats, the prices are lower than the historic average.



Even if one believes that the business is not that good, it is easy to be rather suspicious when the founder, the main shareholder, chairman of the Board and CEO, announced an offer to buy the stakes of the outsiders. As the saying goes: "It's better to be safe than sorry."

\* \* \*

We feel it is worth making some comments on the recent events that have affected Microsoft and Apple as we have held stakes in both companies.

### **Microsoft**

The company announced an organizational restructuring, an increase in its quarterly dividends from 23 to 28 cents a share, the renewal of its buyback program amounting to US\$ 40 billion, the upcoming departure of Steve Ballmer as CEO and the purchase of Nokia's mobile operations unit. A lot of sensible things were said but actions will speak louder than words, as always.

It is worth noting that, despite all the criticism of Ballmer, he led Microsoft during a unique period of cash generation and distribution to its shareholders: approximately US\$ 215 billion in dividends and buybacks since he became the CEO.

We took advantage of the prices in the US\$ 33 to US\$ 35 range to reduce our position almost by half but are now slightly uncomfortable and are thinking of taking advantage of the recent fall to rebuild some of the sold position particularly in the light of impressions we obtained at the Financial Analyst Meeting (always tricky as it is a choreographed performance). We will comment on our impressions of the Analyst Meeting in the Investments section.

### **Apple**

The biggest news was the launch of iOS 7, the new

operating system for the iPhone and iPad. New iPhones were also launched shortly afterwards. What drew most attention was the new fingerprint sensor but we believe the new iOS 7 tools directed at managing iPhones in corporate networks could prove to be equally important, particularly following the collapse of Blackberry. The new iPhones were initially badly received by the market and we made some profit with the sale of puts that expired as the market digested the news.

### **Insurance**

Gold Basket: as this is an unusual position (although important in recent years and making a strong contribution to results), we think it is worth reemphasizing that, despite the increase in interest rates and the ongoing rise in shares, the position that was rebuilt in the previous quarter made a slight positive contribution in this quarter. It is always worth recalling that the reasoning behind the position is that it serves as a value reserve for any possible generalized decline in share prices.

Put Spread: We have also maintained a put spread of the S&P 500 to be extra careful. To prevent the theta<sup>1</sup> making the insurance too expensive, we have renewed the position always well ahead of the expiry of the options used. Any loss in these operations has been more than offset by the gains in the sales of volatility with specific shares. Although small in aggregate terms, their contribution is positive given the high levels of volatility at specific moments.

### **OUTLOOK**

The inexorable approach of the day when the Fed will allow higher long-term interest rates has made the market less obvious than it has been in the last two years. Most shares rose sharply. It remains to be seen whether the re-heating of the American

<sup>1</sup> The Black & Scholes Model — the theta measures the sensitivity of the option price in relation to the time of its expiry. Its value varies from 0 to 1 and is always higher than zero as the reduction of the time to expiry will always imply a fall in the option price.

economy, an absolute must for an increase in interest rates, will be enough to neutralize the negative effect from the higher interest rates on the opportunity costs of the assets. From our point of view, we continue to believe that good companies with good businesses and honest, competent people are winners in the long run.



### MICROSOFT (IP-GLOBAL)

We took part in Microsoft's Analyst Meeting on September 19 at which around 150 investors heard the company's management explain the "One Microsoft" strategy. We left feeling more optimistic than when we arrived, not about the strategy itself or the products, as little new was said about them, but over the new generation of executives that is assuming command.

These "experienced youngsters", in their 40s and with 10 to 15 years in-house experience, seem to have a very different approach from that of their predecessors. For all his faults, Steve Ballmer may have got it right in forming the team that will lead the company's next phase. The individualism and internal competitiveness that was often seen in the previous generation looks as if it will have no place in this new stage. Those earlier computer geniuses may have created champion products like Windows, Office and Xbox but the over competitiveness spilled into product creation and translated internally into inefficiency and externally to a fragmented user experience that was no longer acceptable in the post-iPhone world.

This new generation's team work was evident during the Q&A session. Every question, without exception, was answered by more than one executive. Some topped up the replies to the questions of the others, in line with their own outlook. The turf wars appear to have ended. Everyone is in the same boat.

Bill Gates and the board of directors will now have to find a successor for Ballmer, who retires next year. This will be no easy task and we will be following the process closely.

There is no doubt that the company is undergoing a transition process and faces a number of challenges ahead. It will have to adapt to the new computing environment. Buzzwords such as "cloud", "social", "mobile" and "big data" are still somewhat vague but highlight that the coming 10 years will be very different from the previous 10. That is why the search for a new CEO and an internal reorganization that breaks down the walls between the former fiefdoms is crucial.

At least one change is noticeable: the company is switching from selling licenses to subscriptions. On one hand, this will translate into a greater recurrence of revenues and more predictable cash flow but, on the other hand, will delay the receipt of the revenues and have a negative impact on the company's results. (Something that the market does not like.)

However, we are not just interested in the coming six to 12 months but are looking ahead to the coming three to five years. Microsoft has strong assets that could become even more so in the coming future. It is one of the few companies with real chances of controlling all the means of access to the virtual world: from the PC screen to the TV screen in the living room, passing through the screens on mobiles and tablets. It can use these screens to offer the productivity champions (Word, Excel, PowerPoint), communication tools (Skype, Outlook) and entertainment options (XBox). All this is backed up by the Azure infrastructure to support and bring together these experiences in the "cloud". This can also be offered by companies to their employees through business versions of

these products which have almost no competitors. Microsoft is not the only company to pursue this strategy but has two warhorses called Office and Windows, which have proven to be very useful in other wars.

We already saw value in the assets and now have greater faith in the management team. Despite this transition scenario, the company has been generating more cash than ever in recent years, which limits the investment risk and makes us feel comfortable in betting on the long-term potential of "One Microsoft".

### PIPA 2013

The exhibition of the works of the four PIPA 2013 Prize finalists is being held at the MAM-Rio museum and will continue until November 10. These works meet the expectations mentioned in the previous report.

Berna Reale from Pará state, the winner of the PIPA Online 2012 Prize, shows an installation consisting of 10 photo-performances each measuring 180 × 110 cm. The work, called MMXIII, is being shown for the first time and was created for the PIPA exhibition at the MAM-Rio. It deals with social and political issues, using the symbolism of power and the forces of social control. When the 10 images are brought together, they lead the viewer to think about what is happening at this time, particularly through street conflicts, whether in Brazil, Syria or any part of the world.

Cadu, from Rio de Janeiro state, is one of the few artists who has been nominated for all the PIPA events over the years. He comes from the mountainous region of the state and built a small wooden hut where he lived alone for a year. With scarce resources and deprived of his urban comforts, his aim was to push the limits between art and life into territories where life itself was stretched to the limit. The project was part of his doctorate study and was presented at the 30th Bienal exhibition in São Paulo under the title of “A iminência das poéticas” (“The imminence of the poetics”) which seemed to sum up his intentions. He has brought a “frame” to the MAM which is the actual size of his small hut and suspended it from the museum’s beams. It forms a temple that never touched the ground and contains parts of his diary which is available to the public.

Camila Soato, from Brasília, shows paintings of themes that mix children and mongrel dogs in situations bordering on the comic, grotesque, of poor taste and of the ridiculous. They are a mixture of funny slips and mistakes taken from the Internet, with thick masses of paint that create a violent movement. Trivial issues, surrounded by the traditional solemnity that pictorial support still carries, raise the humdrum and attract attention to the miniscule points of daily life. The works can be seen as a way of destabilizing pre-established models of viewing things, shaking up ordered feelings, questioning official earnestness and the desire to escape from the kind of trance way of living in which we may be trapped.

Beside the paintings, she is also exhibiting “Fulerama”, a videogame created for the occasion of the PIPA Online.

Laercio Redondo, who lives in Rio de Janeiro and Stockholm, presents an installation consisting of works that have never been shown before from a series called “Lembrança de Brasília” (“Memories of Brasília”).

Laercio made the following comments on this work:

*“The combination of art, life and architecture is analyzed from the creation process of the panels and tiles of the artist Athos Bulcão (1918-2008).*

*Bulcão’s work is marked by a process in which he sometimes includes the active participation of the workers in assembling the murals. This singular approach involves social aspects and the poetic inclusion of workers in the result of the big tile panels present in the architecture and landscape of Brasília, the conducting wire of the whole research.*

*“Memories of Brasília” puts this process into context and restores and gives new meaning to the trade of the tile layer who has been present in Brazil since colonial times. The combination of the works is therefore a reflection on an essential artist in the discussion on bringing art, life and architecture in Brazil’s recent history together.”*

As always, the visitors to the exhibition vote to choose the PIPA Popular Exhibition Vote winner who will receive R\$ 10,000 on top of R\$ 10,000 gained as a finalist.

The winner of the PIPA Popular Exhibition Vote will be announced on October 25.

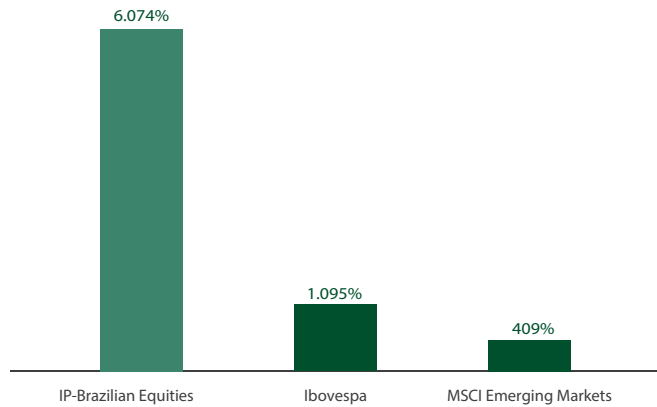
The winner of the main category — PIPA — will be announced on November 6. He or she will be chosen by the Prize Jury and receive a total of R\$ 100,000. Part of this will be used to finance an artistic stay lasting three months at the Residency Unlimited in New York.

*PIPA Team*

# IP-BRAZILIAN EQUITIES

## PERFORMANCE (US\$)

Since February 26<sup>th</sup>, 1993 <sup>(1)</sup>



(1) For the period before IP-Brazilian Equities inception, on April 2010, for reference, we show the Brazilian investment vehicle (IP-Participações) performance in U.S. dollar terms. The returns up to April 2010 are net of all fees and after that, gross of performance fee.

## EQUITY HOLDING CHARACTERISTICS

	% of total equities
Overlap with the Ibovespa portfolio	60
Small Cap (smaller than US\$ 1bi)	16
Mid Cap (between US\$ 1bi and US\$ 5bi)	45
Large Cap (larger than US\$ 5bi)	39

## CONCENTRATION AND MONTHLY ATTRIBUTION

	%	Monthly Attribution (%)
Top 5	44	4.42
Next 5	20	3.35
Other	7	1.79
Cash	29	0.16

## OBJECTIVE

The investment objective of IP-Brazilian Equities is to provide sophisticated investors with substantial returns in a trailing five years investment horizon by investing in companies listed on the São Paulo Stock Exchange.

## STRATEGY

The strategy of IP-Brazilian Equities is to identify and invest in high quality companies that present significant discounts between the market price and intrinsic value of the underlying business.

## STRUCTURE

IP Fund SPC, VBF Segregated Portfolio, IP-Brazilian Equities Class is an exempted company, incorporated under the provisions of the Companies Law of August 3<sup>rd</sup>, 2006 of the Cayman Islands.

**Investment Manager:** Investidor Profissional Gestão de Recursos Ltda.

**Net Asset Value Calculator:** Mellon Serviços Financeiros DTVM S.A.

**Brazilian Custodian:** Banco Bradesco S.A

**Bank:** UBS AG, Stamford Branch, CT (USA)

**Registrar and Transfer Agent:** UBS Fund Services (Cayman) Ltd.

**Auditor:** KPMG

**Inception Date of IP-Brazilian Equities:** April 1<sup>st</sup>, 2010

## ADDITIONAL INFORMATION

For additional information, please contact us by phone at (55 21) 2104-0506 or by e-mail at [contactus@investidorprofissional.com](mailto:contactus@investidorprofissional.com)

## LAST 12 MONTHS RETURNS (US\$)<sup>(1)</sup>

Period	IP-Br. Equities (%)	Ibovespa (%)	MSCI EM (%)
September 13	9.71	11.34	6.53
August 13	-2.60	0.09	-1.68
July 13	-2.02	-1.68	1.10
June 13	-9.30	-14.66	-6.32
May 13	-6.00	-10.14	-2.52
April 13	-0.64	-0.18	1.02
March 13	-0.26	-3.74	-1.92
February 13	1.38	-3.28	-1.24
January 13	2.68	0.77	1.39
December 12	5.86	9.37	4.90
November 12	2.35	-2.92	1.28
October 12	0.64	-3.59	-0.60
Last 12 months	0.40	-19.46	1.33

## ANNUAL RETURNS (US\$)<sup>(1)</sup>

Period	IP-Br. Equities (%)	Ibovespa (%)	MSCI EM (%)
2013 (YTD)	-7.91	-21.31	-4.05
2012	15.50	-1.42	18.63
2011	-9.41	-27.26	-18.17
2010	26.93	5.59	19.20
2009	151.54	145.16	79.02
2008	-54.98	-55.47	-53.18
2007	61.41	73.43	39.82
2006	53.41	46.41	32.55
2005	34.94	44.09	34.54
2004	41.49	28.16	25.95
2003	96.42	141.04	56.28
2002	-28.41	-46.01	-6.00
2001	-6.97	-23.98	-2.37
2000	2.88	-18.08	-30.61
1999	105.66	69.55	66.41
1998	-25.54	-38.44	-25.34
1997	-10.81	34.47	-11.19
1996	35.97	53.23	5.55
1995	3.34	-13.77	-5.21
1994	142.54	58.97	-7.32
1993	50.54	63.95	71.13

## ANNUALIZED RETURNS (US\$)<sup>(1)</sup>

Period	IP-Br. Equities (%)	Ibovespa (%)	MSCI EM (%)
Last 5 years	16.26	-1.94	7.59
Last 10 years	23.54	15.85	13.40
Last 15 years	23.23	10.16	12.49
Since Inception <sup>(2)</sup>	22.49	12.98	8.34

(1) For the period before IP-Brazilian Equities inception, on April 2010, for reference, we show the Brazilian investment vehicle (IP-Participações) performance in dollar terms. The returns up to April 2010 are net of all fees and after that, gross of performance fee.

(2) Inception of IP-Participações.

## TERMS AND CONDITIONS

**Subscription:** Daily

**Minimum Initial:** USD 1,000,000

**Redemption Day:** The Redemption Day shall be the last Business Day of the second subsequent month following receipt by the Registrar and Transfer Agent of the Redemption Form. Payment of redemption proceeds shall generally be made within 10 business days following the Redemption Day.

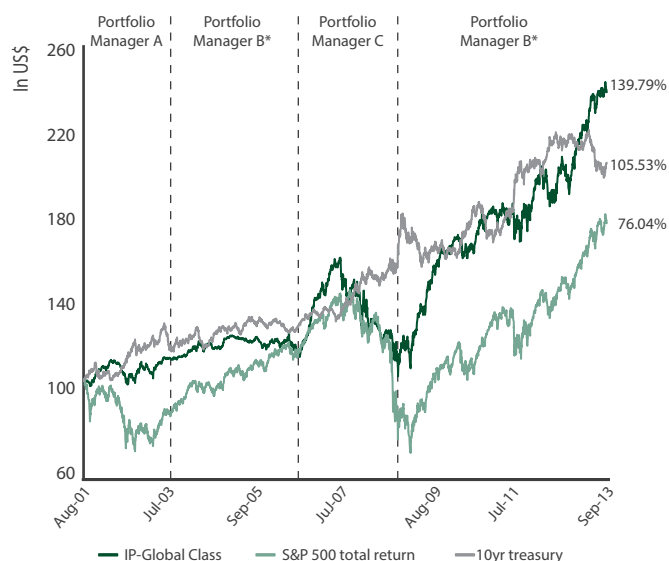
**Minimum:** USD 100,000

**Minimum Balance Left:** USD 1,000,000

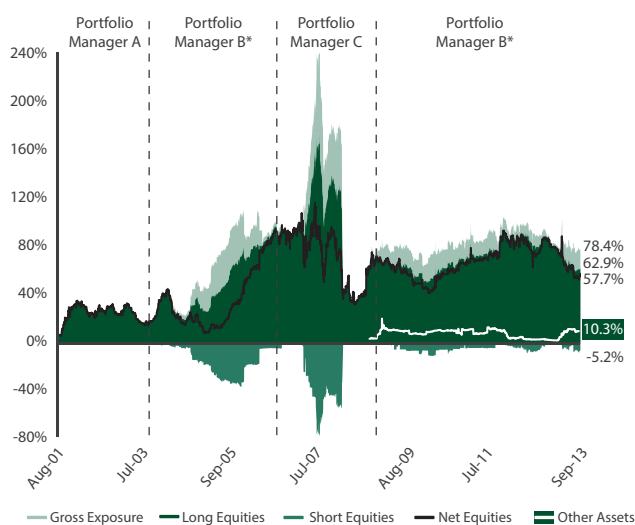
**Management Fee:** 2.0% per annum of the Net Asset Value of the IP-Brazilian Equities  
**Performance Fee:** 20% computed on returns in excess of Libor+6%, accrued daily and paid semi-annually or on redemption, subject to a high-water mark. The Incentive Fee will be paid through the automatic redemption of a number of Shares of each subscription in respect of which an Incentive Fee is payable, corresponding to the value of the accrued and unpaid Incentive Fee.

# IP-GLOBAL

## PERFORMANCE



## EXPOSURE



\* Roberto Vinhães, IP's founding partner

## OBJECTIVE

Provide sophisticated investors with substantial medium to long-term absolute returns by investing globally with no restrictions regarding geographic or asset class exposure levels and with strong focus on capital preservation.

## STRATEGY

The Fund's strategy consists essentially of investments in companies with strong business models, reliable management and governance and trading with attractive margins of safety, considering medium and long-term horizons. The Fund also has the possibility to invest among different asset classes such as currency, commodities, interest rate and bonds.

## STRUCTURE

IP-Global Class is a Class of IP Global Fund Ltd, which is an open-ended investment fund organized as a limited liability exempted company, incorporated under the provisions of the Companies Law (2001 revision) of the Cayman Islands.

**Investment Manager:** Investidor Profissional Gestão de Recursos Ltda.

**Net Asset Value Calculator:** BNY Mellon Serviços Financeiros DTVM S.A.

**Registrar and Transfer Agent:** UBS Fund Services (Cayman) Ltd.

**Auditor:** KPMG

## LAST 12 MONTHS RETURNS (US\$)

Period	IP-Global <sup>(1)</sup> (%)	S&P 500 Total Return <sup>(2)</sup> (%)	10 Yr Treasury <sup>(3)</sup> (%)	Libor 3 months (%)
September 13	0.87	3.14	1.76	0.01
August 13	-0.44	-2.90	-1.32	0.02
July 13	2.54	5.09	-0.80	0.02
June 13	-2.23	-1.34	-2.84	0.02
May 13	4.42	2.34	-3.69	0.02
April 13	2.02	1.93	1.94	0.02
March 13	2.11	3.75	0.45	0.02
February 13	1.92	1.36	1.41	0.02
January 13	6.04	5.18	-1.98	0.02
December 12	1.75	0.91	-1.08	0.02
November 12	1.35	0.58	1.21	0.02
October 12	-2.73	-1.85	-0.34	0.02
Last 12 months	18.72	19.34	-5.32	0.20

## ANNUAL RETURNS (US\$)

Period	IP-Global <sup>(1)</sup> (%)	S&P 500 Total Return <sup>(2)</sup> (%)	10 Yr Treasury <sup>(3)</sup> (%)	Libor 3 months (%)
2013 (YTD)	18.36	19.79	-5.11	0.14
2012	10.42	16.00	5.12	0.30
2011	1.67	2.11	19.36	0.24
2010	11.82	15.06	8.79	0.24
2009	38.31	26.46	-10.99	0.48
2008	-17.93	-37.00	23.09	2.09
2007	1.83	5.49	10.00	3.79
2006	18.46	15.79	2.21	3.70
2005	-2.89	4.91	3.30	2.53
2004	7.24	10.88	4.84	1.15
2003	8.12	28.68	1.15	0.86
2002	-1.29	-22.10	15.42	1.26
2001	6.04	-5.00	1.88	0.76

## ANNUALIZED RETURNS (US\$)

Period	IP-Global <sup>(1)</sup> (%)	S&P 500 Total Return <sup>(2)</sup> (%)	10 Yr Treasury <sup>(3)</sup> (%)	Libor 3 months (%)
Last 5 years	14.81	10.06	6.04	0.38
Last 10 years	8.28	7.70	5.59	1.50
Since Inception <sup>(4)</sup>	7.57	4.83	6.20	1.46

(1) Gross of performance fee

(2) Dividends are assumed reinvested in the S&P 500 Index.

(3) Assumes an investment continually reinvested into a 10 years constant maturity security (Bloomberg: F08210YR Index)

(4) Inception: August 1st, 2001

## TERMS AND CONDITIONS

**Subscription:** Daily

**Minimum Initial:** US\$ 50,000

**Minimum Additional:** US\$ 10,000

**Redemption:** The Redemption Day shall be the Wednesday (or if such day is not a Business Day, the Business Day immediately following such day) of the calendar week following the calendar week during which the Registrar and Transfer Agent receives the signed Redemption Form for the Shares being redeemed. Payment of redemption proceeds shall generally be made within 5 business days following the redemption day.

**Minimum:** US\$ 10,000

**Minimum Balance Left:** US\$ 50,000

**Management Fee:** Up to 1.5% p.a. on the Net Asset Value per Share, accrued daily and paid monthly.

**Performance Fee:** 15% of the increase of the Net Asset Value per Share, accrued daily and paid semi-annually or on redemption, subject to a high-water mark. The Incentive Fee will be paid through the automatic redemption of a number of Shares of each subscription in respect of which an Incentive Fee is payable, corresponding to the value of the accrued and unpaid Incentive Fee.

## ADDITIONAL INFORMATION

For additional information, please contact us by phone at (55 21) 2104-0506 or by e-mail [contactus@investidorprofissional.com](mailto:contactus@investidorprofissional.com)

## MISCELLANEOUS

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*"Some executives ask themselves 'what if we train our people and they leave?! Well, what if you don't and they don't?"*

Kasper Rorsted, Henkel CEO

*"Nothing is so permanent as a temporary government program."*

Milton Friedman

*"Any man who's afraid of hiring the best ability he can find, is a cheat who's in a business where he doesn't belong. To me - the foulest man on earth, more contemptible than a criminal, is the employer who rejects men for being too good."*

Ayn Rand

*"You can recognize a pioneer by the arrows in his back."*

Beverly Rubik

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