



MONTHLY REPORT NOVEMBER 2011

Parvest Equity Brazil fund



Performance overview

| Performance at the end of November 2011 (gross of fees - %) | November | Last 3M | YTD | Last 12M | Last 24M* | Last 36M* | Last 60M* | Since inc.,** |
|--|----------|---------|--------|----------|-----------|-----------|-----------|---------------|
| Parvest Equity Brazil | -7,72 | -10,69 | -20,50 | -15,77 | -5,43 | 25,47 | 8,72 | 8,72 |
| MSCI BRAZIL 10/40 \$ (NR) | -7,45 | -9,63 | -18,75 | -14,05 | -3,86 | 27,19 | 9,90 | 9,90 |
| Excess return | -0,27 | -1,06 | -1,76 | -1,72 | -1,57 | -1,72 | -1,18 | -1,18 |

| Performance History (%) | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|-------|--------|--------|-------|------|
| Parvest Equity Brazil (full year) | 9,55 | 127,08 | -52,84 | 56,02 | - |
| MSCI BRAZIL 10/40 \$ (NR) (full year) | 10,36 | 130,54 | -53,36 | 58,51 | - |
| Excess return (full year) | -0,81 | -3,46 | 0,52 | -2,49 | - |
| Parvest Equity Brazil (November to November) | 6,17 | 121,15 | -53,71 | 65,51 | - |
| MSCI BRAZIL 10/40 \$ (NR) (November to November) | 7,54 | 122,89 | -53,84 | 68,09 | - |
| Excess Return (November to November) | -1,37 | -1,74 | 0,13 | -2,58 | - |

| Risk indicators (annualised) | Last 36W | Last 52W | Last 24M | Last 36M | Last 60M | Since inc.,** |
|------------------------------|----------|----------|----------|----------|----------|---------------|
| Fund volatility (%) | 33,90 | 29,95 | 27,44 | 30,44 | 34,84 | 34,84 |
| Benchmark volatility (%) | 34,04 | 30,14 | 27,80 | 30,79 | 35,14 | 35,14 |
| Tracking error (%) | 1,95 | 1,87 | 1,11 | 1,43 | 2,11 | 2,11 |
| Information ratio | -1,00 | -0,88 | -1,42 | -1,20 | -0,56 | -0,56 |

all figures gross of fees (in USD)

* annualised performance

** inception date: 12/12/06 (annualised)

Past performance or achievements are not indicative of current or future performance,

Market review-

- Confidence among US consumers and producers improved in November, but actual consumer spending and durable goods orders were less positive. Job growth remained modest, but a sharp drop in the labour force led to lower registered unemployment. House prices remained under downward pressure. Some leading indicators in the eurozone stabilised, but at low levels. Falling retail sales, industrial production and new orders, and rising unemployment indicated that the eurozone was on the brink of a recession. In emerging markets, most attention went to leading indicators in China, which fell significantly, although real data held up better.
- After October's strong gains, equities lost ground in November. Global equities fell by 3.2% in US dollar terms, but since the dollar gained ground against the euro, the decline in euros was only 0.2%. In euro terms, developed equities (0.3%) outperformed emerging equities (-3.9%) and the US (2.3%) outperformed Japan (-1.6%) and Europe (-1.8%). A looming recession and a deepening sovereign debt crisis weighed on European and global equities. US equities failed to benefit from better-than-expected economic data, partly due to the failure of the deficit reduction committee to agree on measures to address the big fiscal shortfall.



- US bonds benefited from the weak equity performance: yields fell by 11bp to 2.07%. As investors feared that Germany could face higher costs to save the euro, yields on German bunds rose by 17bp. Risk spreads on sovereign bonds increased, most notably for Italy and Spain, but also for Belgium and France. Hopes for a far-reaching deal at the 9-10 December EU summit caused spreads to ease at the end of the month. Inflation stabilised in the eurozone, but fell in the US and China. The ECB surprised with a 25bp rate cut at the first policy meeting led by new president Draghi. The US Federal Reserve is weighing the options for another round of quantitative easing, while the Bank of England actually went ahead with further measures. China's central bank cut the reserve ratio for the biggest banks by 50bp to 21% to support economic growth.
- Brazilian equities in November fell by 7.2% in USD Terms (MSCI Brazil Index). The weakness in the industrial sector continues, reinforcing the pace of economic growth is slowing down and easy cycle may continue. November was not good for the Brazilian real too, that posted a -5.07% performance versus USD and -2.26 against EURO. For Brazilian bond market, November has been a volatile month and the rates fell again resulting in decline of the yield curve.
- Brazil's central bank cut policy rate again by 50 bp to 11.0% in unanimous decision. The accompanying statement says the monetary policy committee (Copom) is "giving continuity to the adjustment process of monetary conditions", continuing to paint a dovish scenario. It also repeats that, by promptly mitigating the effects from a more restrictive global environment, a moderate adjustment in the level of the policy rate is consistent with the scenario of inflation converging to the target in 2012. In all, it indicated that easy cycle should continue moderately in the coming months.
- Highlights in November were the revision down in IPCA inflation for 2012, considering a news weight for the IPCA inflation, scheduled to be in place in January 2012 that led to a one-off decrease in the 2012 IPCA inflation forecast and recent tax cuts by the Brazilian government should be good news for the local equity market and allay investor fears of fresh government measures to tackle the strength of the overvalued currency.

Fund performance

- After showing a strong rally in October, the Latam equity market slumped again in November, following the underperformance of the global indexes. Throughout the month, market turned its attention to the unfolding of the European debt crisis. Italy, followed by Spain, started to be the market's center of attention, rising investors' concern about the Euro Zone solvency, due to those countries' economic role in the region.
- Thus, the portfolio has a negative performance of -7.72%, slightly underperforming its benchmark gross of fees. Most of the fund underperformance in November can be explained by the underweight position in Energy and in Information Technology (Credit Card companies) together with the reduction of the cash along the month.
- At a sector level, stock selection in Consumer Staples also negatively impacted excess return due to the poor performance of Hypermarches (overweight) and the rebound of JBS food company and Souza Cruz (both underweight). The stock picking in Energy (HRT) also detracted value. On the other hand, stock picking in Materials was the main positive contribution for the fund, given the sturdy performance of our core holding in Klabin, which continues to rally ahead of positive guidance released by the new management. Also, the underweight position in Usiminas, a steel company that has been hurting by the increase in competition, had a positive contribution to the performance. Overweight position in Vale Fertilizantes also rewarded as the parent company (Vale) fixed the date for the OPA.
- At a company level, the top 5 contributors to fund performance are: an underweight position in Usiminas a steel company that has been hurting by the increase in competition and had a positive contribution, an overweight in Klabin, which continues to rally ahead of positive guidance released by the new management, a overweight position in CIA Paranaense and both underweight positions in Banco Santander (Financial) and Cia Siderurgica NC (Material). Top 5 detractors are: overweight position in HRT Energy), PDG Realty (Consumer Discretionary), underweight position in JBS and Souza Cruz, both in Consumer Staples sector and Metalurgica Gerdau (Materials).

Portfolio activity

- We adopted a more defensive stance in the portfolio during the month. We increased exposure to Health Care (Dasa), Utilities (Cesp) and in information Technology (Redecard) trimming the underweight stance in these sectors.
- We also tactically increased the exposure to Materials (Usiminas, Steel), as part of the company controlling group was acquired by a Mexican steel company (Ternium), which paid a very stretch valuation.
- In the other hand, sales to fund these portfolio movements were concentrated in both Banks (Itau and Banco do Brasil) and Energy (Petrobras), in addition to a lower cash level.



Outlook & positioning

- The current international scenario is still the biggest concerns among investors. Despite the American economy improvement last weeks, it is the uncertainty of a final resolution in the negotiations related to the sovereign crisis in the Euro Zone that has kept a high volatility in the markets.
- However some steps have been made at the end of November and beginning of December, as the Central Banks acted together to reduce costs in credit lines, as well as declarations from the ECB president that discussion related to a Fiscal Union on the Eurozone countries might be coming to an (this could open the room for a more active ECB role in the region).
- In the case of a positive resolution of these events we should see an increase in the investors risk appetite, leading to a recovery in the markets in the short term. But a sustained recovery also depends on the return from the foreign investments to the equity market - and this has a lot of potential, in our view, given the strong outflow happened during this year amid a much better relative fundamentals in the region.
- The Brazilian government has several weapons to help avoid an economic recession and stagnation. Interest rates and reserve requirements are still high and so unlike many other countries around the world, the government has the flexibility to protect their economy if the global economic outlook gets worsen.
- Brazil is still compelling for the equity market with a positive outlook based on lower real interest rates. The companies in Brazil still have cheap valuation and is extremely discounted to its peers, offering a high upside potential of return. Preferences for domestic related names companies based on credit growth, job creation and wage gains provides further boost to local spending.

Additional information

Parvest Equity Brazil Portfolio Composition: As at end of November 2011

| Largest Positive Active positions | | | | | |
|-----------------------------------|------------|------------|------------|-----------|-----------|
| Stock | PTF Weight | BCH Weight | ACT Weight | TR 1M EUR | TR 3M EUR |
| BRADSPAR SA | 3,60 % | 1,15 % | 2,45 % | -6,04 % | -7,18 % |
| CIA PARANAENSE DE | 2,62 % | 0,57 % | 2,05 % | 4,61 % | 1,99 % |
| ITAUSA INV ITAU SA | 3,85 % | 2,16 % | 1,69 % | -3,37 % | 6,71 % |
| ITAU UNIBANCO HOLD | 7,81 % | 6,46 % | 1,35 % | -4,73 % | 7,02 % |
| COSAN LTD | 1,23 % | -- | 1,23 % | 3,20 % | 9,64 % |
| PDG REALTY SA EMPR | 2,33 % | 1,15 % | 1,17 % | -17,01 % | -15,94 % |
| KLABIN SA | 1,55 % | 0,50 % | 1,06 % | 14,64 % | 30,24 % |
| EVEN CONSTRUT INCO | 1,04 % | -- | 1,04 % | -3,89 % | -9,59 % |
| COSAN SA INDUSTRIA | 1,51 % | 0,50 % | 1,01 % | -0,33 % | 9,26 % |
| TIM PARTICIPACOES | 1,98 % | 1,09 % | 0,89 % | -7,12 % | -17,39 % |
| METALURGICA GERDAU | 1,56 % | 0,72 % | 0,84 % | -13,96 % | -3,00 % |
| VALE FERTILIZANTES | 0,92 % | 0,15 % | 0,76 % | 1,05 % | -1,62 % |
| ECORODOVIAS INFRA | 1,09 % | 0,34 % | 0,75 % | 1,22 % | -3,58 % |
| HRT PARTICIPACOES | 1,16 % | 0,47 % | 0,68 % | -20,26 % | -38,13 % |
| HYPERMARCAS SA | 1,04 % | 0,35 % | 0,68 % | -18,64 % | -40,57 % |

| Largest Negative Active positions | | | | | |
|-----------------------------------|------------|------------|------------|-----------|-----------|
| Stock | PTF Weight | BCH Weight | ACT Weight | TR 1M EUR | TR 3M EUR |
| VALE S.A. | 6,04 % | 8,32 % | -2,28 % | -7,56 % | -7,37 % |
| CIA SIDERURGICA NC | -- | 1,67 % | -1,67 % | -11,03 % | -9,72 % |
| ULTRAPAR PARTICIPA | -- | 1,59 % | -1,59 % | 2,87 % | 9,83 % |
| CENTRAIS ELET BRAS | -- | 1,50 % | -1,50 % | -3,35 % | 2,66 % |
| CIA SOUZA CRUZ | -- | 1,34 % | -1,34 % | 7,55 % | 13,43 % |
| PETROL BRASILEIROS | 8,30 % | 9,32 % | -1,02 % | 2,74 % | 1,93 % |
| LOJAS RENNER SA | -- | 1,01 % | -1,01 % | 1,55 % | -11,31 % |
| BANCO SANTANDER(BR | 0,37 % | 1,38 % | -1,01 % | -14,00 % | -13,04 % |
| SABESP CIA SANEAME | -- | 0,87 % | -0,87 % | 7,95 % | 7,03 % |
| REDECARD SA | 0,78 % | 1,57 % | -0,78 % | 5,87 % | 19,37 % |
| JBS SA | -- | 0,70 % | -0,70 % | 7,21 % | 37,72 % |
| USIMINAS USI SD MG | 0,51 % | 1,21 % | -0,69 % | -20,54 % | -19,51 % |
| CYRELA BRAZIL REAL | -- | 0,68 % | -0,68 % | -5,78 % | -4,48 % |
| CPFL ENERGIA SA | -- | 0,67 % | -0,67 % | 4,88 % | 6,64 % |
| EMBRAER SA | 0,35 % | 0,96 % | -0,61 % | -7,30 % | 9,51 % |

| Sectors | | | | | |
|----------------------------|------------|------------|------------|-----------|-----------|
| Level 1 | PTF Weight | BCH Weight | ACT Weight | TR 1M EUR | TR 3M EUR |
| CONSUMER STAPLES | 14,55 % | 13,16 % | 1,38 % | 1,03 % | 5,41 % |
| CONSUMER DISCRETIONARY | 7,03 % | 6,10 % | 0,92 % | -10,59 % | -12,15 % |
| TELECOMMUNICATION SERVICES | 5,63 % | 4,75 % | 0,88 % | -5,85 % | -11,89 % |
| FINANCIALS | 27,68 % | 27,05 % | 0,63 % | -5,04 % | 2,22 % |
| MATERIALS | 17,37 % | 16,90 % | 0,47 % | -7,96 % | -5,91 % |
| INDUSTRIALS | 4,87 % | 4,52 % | 0,35 % | -2,77 % | -3,61 % |
| HEALTH CARE | 1,02 % | 1,13 % | -0,11 % | -6,39 % | -13,91 % |
| INFORMATION TECHNOLOGY | 2,03 % | 3,92 % | -1,89 % | 5,73 % | 16,57 % |
| UTILITIES | 6,02 % | 8,33 % | -2,30 % | 4,90 % | 3,04 % |
| ENERGY | 11,69 % | 14,14 % | -2,45 % | -0,53 % | 2,72 % |
| Unassigned | 2,12 % | -- | 2,12 % | -- | -- |
| TOTAL | 100 % | 100 % | -0,00 % | | |



Performance details

ISIN Codes: Classic share LU0265266980; Institutional share LU0265342161

Fund size as at end of October 2011: USD 897,016,034.98

| Performance (net of fees C share) (%) | November | Last 3M | YTD | Last 12M | Last 24M* | Last 36M* | Last 60M* | Since inc.,** |
|---------------------------------------|----------|---------|--------|----------|-----------|-----------|-----------|---------------|
| Parvest Equity Brazil | -7,88 | -11,17 | -22,05 | -17,55 | -7,45 | 22,81 | 6,51 | 6,51 |
| MSCI BRAZIL 10/40 \$ (NR) | -7,45 | -9,63 | -18,75 | -14,05 | -3,86 | 27,19 | 9,90 | 9,90 |
| Excess return | -0,44 | -1,54 | -3,30 | -3,50 | -3,59 | -4,38 | -3,38 | -3,38 |

| Performance History (%) | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|-------|--------|--------|-------|------|
| Parvest Equity Brazil (full year) | 7,21 | 122,27 | -53,82 | 53,24 | - |
| MSCI BRAZIL 10/40 \$ (NR) (full year) | 10,36 | 130,54 | -53,36 | 58,51 | - |
| Excess return (full year) | -3,15 | -8,27 | -0,46 | -5,28 | - |
| Parvest Equity Brazil (November to November) | 3,90 | 116,45 | -54,67 | 62,82 | - |
| MSCI BRAZIL 10/40 \$ (NR) (November to November) | 7,54 | 122,89 | -53,84 | 68,09 | - |
| Excess Return (November to November) | -3,65 | -6,43 | -0,83 | -5,27 | - |

| Risk indicators (annualised) | Last 36W | Last 52W | Last 24M | Last 36M | Last 60M | Since inc.,** |
|------------------------------|----------|----------|----------|----------|----------|---------------|
| Fund volatility (%) | 33,89 | 29,93 | 27,40 | 30,39 | 34,78 | 34,78 |
| Benchmark volatility (%) | 34,04 | 30,14 | 27,80 | 30,79 | 35,14 | 35,14 |
| Tracking error (%) | 1,94 | 1,87 | 1,11 | 1,44 | 2,10 | 2,10 |
| Information ratio | -1,85 | -1,75 | -3,22 | -3,05 | -1,61 | -1,61 |

all figures net of fees (in USD)

* annualised performance

** inception date: 12/12/06 (annualised)

Management Fees : 1,75%

Past performance or achievements are not indicative of current or future performance,

| Performance (net of fees I share) (%) | November | Last 3M | YTD | Last 12M | Last 24M* | Last 36M* | Last 60M* | Since inc.,** |
|---------------------------------------|----------|---------|--------|----------|-----------|-----------|-----------|---------------|
| Parvest Equity Brazil | -7,80 | -10,93 | -21,26 | -16,64 | -6,42 | 24,16 | 7,65 | 7,65 |
| MSCI BRAZIL 10/40 \$ (NR) | -7,45 | -9,63 | -18,75 | -14,05 | -3,86 | 27,19 | 9,90 | 9,90 |
| Excess return | -0,36 | -1,29 | -2,52 | -2,60 | -2,56 | -3,03 | -2,25 | -2,25 |

| Performance History (%) | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|-------|--------|--------|-------|------|
| Parvest Equity Brazil (full year) | 8,40 | 124,72 | -53,32 | 54,72 | - |
| MSCI BRAZIL 10/40 \$ (NR) (full year) | 10,36 | 130,54 | -53,36 | 58,51 | - |
| Excess return (full year) | -1,96 | -5,83 | 0,04 | -3,79 | - |
| Parvest Equity Brazil (November to November) | 5,06 | 118,82 | -54,18 | 64,25 | - |
| MSCI BRAZIL 10/40 \$ (NR) (November to November) | 7,54 | 122,89 | -53,84 | 68,09 | - |
| Excess return (November to November) | -2,49 | -4,06 | -0,33 | -3,84 | - |

| Risk indicators (annualised) | Last 36W | Last 52W | Last 24M | Last 36M | Last 60M | Since inc.,** |
|------------------------------|----------|----------|----------|----------|----------|---------------|
| Fund volatility (%) | 33,89 | 29,94 | 27,42 | 30,41 | 34,81 | 34,81 |
| Benchmark volatility (%) | 34,04 | 30,14 | 27,80 | 30,79 | 35,14 | 35,14 |
| Tracking error (%) | 1,94 | 1,87 | 1,11 | 1,44 | 2,10 | 2,10 |
| Information ratio | -1,42 | -1,31 | -2,30 | -2,11 | -1,07 | -1,07 |

all figures net of fees (in USD)

* annualised performance

** inception date: 12/12/06 (annualised)

Management Fees : 0,75%

Past performance or achievements are not indicative of current or future performance,



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