

BRAZILIAN EQUITY OPPORTUNITIES

This report examines the Brazilian equity markets, their structure, constituents and metrics over time. There are 315 actively traded companies in Brazilⁱ, offering a sizeable group of businesses for superior stock selection.

Brazil has a deeply rooted equity culture and BM&FBOVESPA S.A, founded in 1890, has had a long history of services provided to the stock market and the Brazilian economy. In 2000 BOVESPA led a program of integration with the eight other Brazilian exchanges to concentrate all equity trading in a single environment. BM&FBOVESPA was founded in May 2008 with the integration between BM&F, Brazil's main derivatives exchange, and BOVESPA, the stock exchange. BM&FBOVESPA is the sole exchange, despite the market being open for a competitor since 2007. Stocks are exclusively traded through an exchange (Dark pools, MTFs and internalization prohibited). It is also the provider of central counterparty and securities custody services. In addition, BM&FBOVESPA ranks among the world's leading exchanges by market capitalization and the largest in the Americas (outside of the US).

GABELLI PROCESS

Idea generation is a rigorous and often contrarian process and adherence to fundamental discipline in volatile markets is tantamount to success. At the core of our process is identification of securities and sectors for investment along with an on-going maintenance of the valuation and event universe to provide advanced insights to unfolding investment landscapes. Some of the characteristics we look for:

- o Discount to Private market value with catalysts that provide opportunities
- o A margin of safety during periods of uncertainty is essential
- o Attractive risk adjusted returns
- o Low PEG ratio
- o Strong corporate governance
- o Oriented for the growth of the Brazilian Sub Continent
- o Meaningful free cashflow

The Brazilian equity market has certain attributes that allow us to believe that there are opportunities to earn risk-adjusted returns through superior stock selection using the Gabelli process. We believe that it is possible to identify pockets of value/price misalignment especially within domestic demand led industries. Key drivers of opportunities in the Brazilian equities markets are:

Portfolio diversification: Diversification of institutional investors portfolios with a higher participation of equities

Retail investors: Increasing participation of retail investors and growth of the middle class

Listed companies: A low number of listed companies leading to important sectors not adequately represented on the exchange

With secular trends led by increasing GDP, growing population and increasing disposable income among other long-term trends there are ample opportunities to invest in companies that will benefit.

BRAZIL EQUITY MARKET ANALYSIS

Trading and participation

The annual value traded on the BM&FBOVESPA in 2014 was USD 728 billion and the ratio of value traded to market capitalisation was 86% (Table 1), which is well below the value traded to market capitalisation ratios of NASDAQ and NYSE of 445% and 94% respectively.

Table 1: Annual value of share trading between 2012-2014 (USD Billion)

Bourse				As a % of GDP			As a % of Mcap		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
NASDAQ	24,479	26,644	31,044	146	153	171	534	438	445
NYSE	14,747	15,309	18,234	88	88	101	105	85	94
NSE + BSE (India)	638	566	758	35	30	37	51	50	49
BM&FBOVESPA	875	811	728	36	34	31	71	79	86
Shenzen + Shanghai	4,989	7,632	12,055	59	81	116	135	193	201

Source: Horizon Research, WFE, World Bank, IMF

An analysis of trading per market participant reveals that retail investors were once more numerous on the BM&FBOVESPA, accounting for as much as 31.4 per cent of market participation in January of 2010, a boom year. However, their participation has steadily declined with the stagnation of the economy during the Rousseff four-year government and accounted for only 14.4 per cent of volumes towards the end of 2014. Foreign investors, by contrast, accounted for 52.2 per cent of Brazilian trade towards the end of 2014ⁱⁱ. The Number of retail investors represents only 0.3% of the population (lower than global average). This is best reflected through a relative decline in the number of custody accounts (Figure 1).

Figure 1: Number of custody accounts in thousands

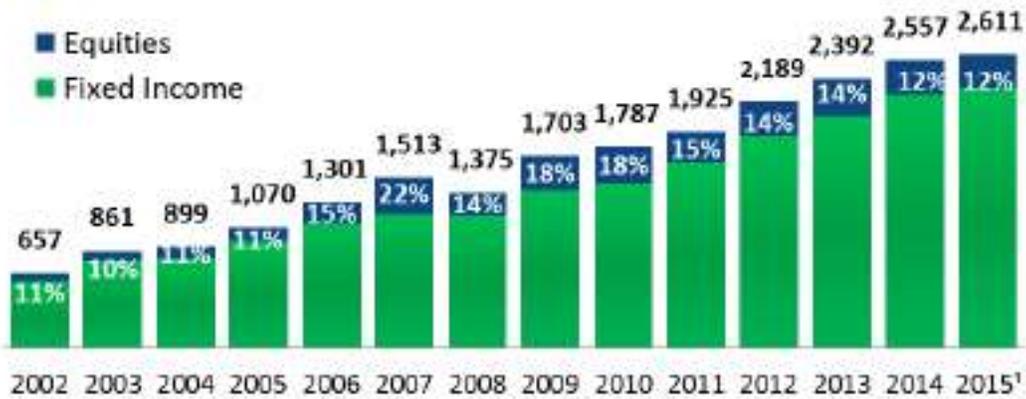


Source: BM&FBOVESPA investor presentation

Investor’s exposure to equity is low and investor portfolio’s are heavily concentrated in fixed income. This could be attributed to historically high interest rates, a low level of sophistication of

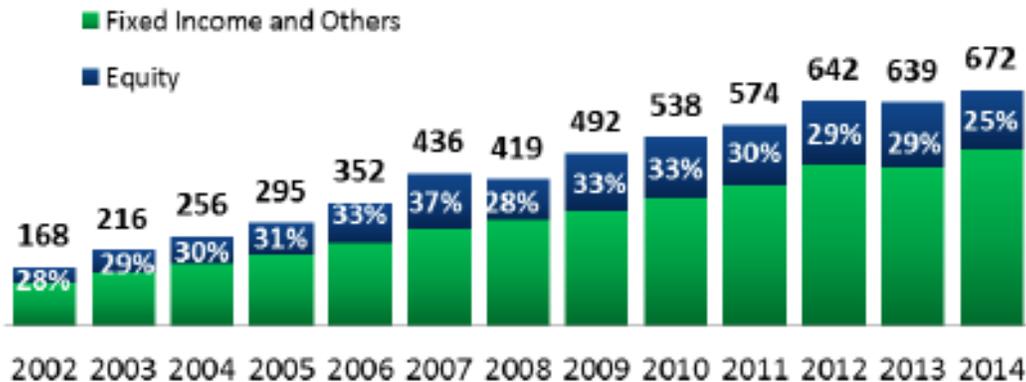
pension funds and asset managers and a Lack of knowledge about the equity market, combined with retail investors' fixed-income mindsetⁱⁱⁱ. Whereas the global average of AUM invested in Equities by investment funds is 40% it is considerably lower in Brazil (Figure 2). Similarly the participation of equities in the portfolio of pension funds as a percentage has marginally declined (Figure 3).

Figure 2: Funds AUM evolution (in BRL Billion)



Source: BM&FBOVESPA investor presentation

Figure 3: Participation of equities in the portfolio of pension funds



Source: BM&FBOVESPA investor presentation

The Indices

The BOVESPA Index was established in 1968 to serve as an average indicator of the stock market’s behavior and has been calculated uninterruptedly ever since, without any methodological changes.

The BOVESPA Index is used as a proxy to track the 315 listed companies and is formed by 61 of the most actively traded companies in the broad Bovespa stock market. In order for a company to be included in the index, its “negotiability index” (a mix of number of trades and value traded) has to be above 80%, its trading value has to be at least 0.1% of the market total, and the company has to trade in at least 80% of the last 12 month sessions. The filter is adjusted three times per year, based on the latest 12 months indicators.

The Bovespa index with a 6.7% CAGR between 2004-2014 has outperformed both the MSCI EM Index (5.8% CAGR between 2004-2014) and the S&P 500 (5.4% CAGR between 2004-2014) over the past 10 years (Table 2).

Table 2: Performance of Brazilian Vs. International Indices (2004-2014)

Index	Index Level				CAGR			
	2004	2009	2014	4/30/2015	2004-09	2009-14	2004-14	CYtD
S&P 500	1,212	1,115	2,059	2,086	-1.7%	13.0%	5.4%	5.4%
S&P BSE Sensex	6,603	17,465	27,499	27,011	21.5%	9.5%	15.3%	14.6%
Shanghai Composite	1,266	3,277	3,235	4,442	20.9%	-0.3%	9.8%	12.9%
IBOVESPA Index	26,196	68,588	50,007	56,229	21.2%	-6.1%	6.7%	7.7%
MSCI Emerging Markets	542	989	956	1,048	12.8%	-0.7%	5.8%	6.6%

Source: S&P, Bloomberg (Index level taken at the last trading day of December)

There is a heavy concentration of market capitalization represented through the primary indices. The stocks that participate in the Bovespa Index represent over 91% (USD 383 billion) of the annual value traded on the exchange and 83.6% of the sum of all Bovespa’s company’s market capitalization.^{iv}

The balance of shares not captured by the indices equates to approximately 254 companies, and result in opportunities for superior stock selection. Our efforts emphasize valuations with catalysts, and believe that a significant portion of small and mid-caps present opportunities for investment.

The Brazilian equity market quantity of traded companies offers investment diversification opportunities within the Brazilian market itself. The Bovespa Index also offers diversity of the market, with the Bovespa Index comprising companies across each of the 10 broad industry segments.

Concentration offers opportunities

A closer look at the market focusing on company size helps identifying divergences among the listed companies. The largest 100 companies by market capitalisation represent 94.8% of the broad market capitalization. An analysis of value traded as a percentage of total traded volume reveals that nearly 95.2% of the total traded volume is restricted to the largest 100 companies by market capitalisation. On an aggregate basis, these companies offer attractive values (Table 3).

The largest 100 companies have a net debt to enterprise value of 64%, 2014 FCF yield of 0.59%, 2014 dividend yield of 3.57%, 2014 P/E of 17.6x, 2014 EV/ EBITDA of 10.1x and a 2014 PEG of 1.03x. In contrast after extracting the top 100 companies by market capitalisation, the remaining 215 companies have a net debt to enterprise value of 59%, 2014 FCF yield of 1.54%, 2014

dividend yield of 2.41%, 2014 P/E of 11.1x and 2014 EV/ EBITDA of 4.2x. As investors, we find opportunities masked in the aggregates and underscore that these broad differences provide opportunities in individual stock selection.

Table 3: Analysis of performance highlights by market capitalisation

BY MARKET CAPITALISATION	Number of Co's	Market Cap (USD MN)	Enterprise Value (USD MN)	Net Debt (USD MN)	ROE-2014	FCF Yld : 2014	Dvd Yld : 2014	P/E : 2014	EV/EBITDA : 2014	P/BV : 2014	PEG Ratio	Total Return: Y-5 (I)	Total Return: Y-1 (I)	EPS T12M	Annual Value Traded (USD MN)	Value Traded as Percentage of All Stocks	Annual Value Traded to Market Cap
Ibovespa	61	664,891	751,179	499,742	19.6%	0.61%	3.62%	18.7	10.1	3.4	1.02	25.7%	8.4%	0.46	382,690	91.3%	57.6%
All Brazil traded equities, Cap Wgt.	315	795,330	931,381	589,432	18.8%	0.64%	3.51%	17.3	9.8	3.2	0.99	25.9%	7.3%	0.46	419,236	100.0%	52.7%
Top 10 Companies by M Cap	10	424,986	411,909	361,159	21.8%	0.50%	4.01%	9.9	10.7	3.5	1.09	18.2%	7.8%	0.47	221,966	52.9%	52.2%
Top 25 Companies by M Cap	25	581,898	570,047	449,665	21.2%	0.88%	3.61%	19.6	10.0	3.5	0.96	27.2%	10.5%	0.48	282,829	67.5%	48.6%
Top 50 Companies by M Cap	50	677,776	720,587	497,677	19.9%	0.59%	3.59%	18.5	10.2	3.4	1.05	28.7%	9.8%	0.47	350,213	83.5%	51.7%
Top 100 Companies by M Cap	100	753,623	846,694	539,105	19.7%	0.59%	3.57%	17.6	10.1	3.3	1.03	27.9%	8.4%	0.47	399,165	95.2%	53.0%
Top 200 Companies by M Cap	200	791,434	913,963	578,141	19.0%	0.65%	3.52%	17.3	9.9	3.2	1.00	26.1%	7.5%	0.47	417,715	99.6%	52.8%
Bottom 215	215	41,708	84,686	50,327	2.2%	1.54%	2.41%	11.1	4.2	1.2	0.29	-11.1%	-11.2%	0.28	20,071	4.8%	48.1%
Bottom 115	115	3,897	17,417	11,292	-27.6%	-0.82%	0.50%	1.3	1.6	1.0	0.03	-20.1%	-18.6%	(0.30)	1,520	0.4%	39.0%

Source: Horizon Research, S&P CapitalIQ

We observe that the market capitalisation of a small number of companies within each industry sector constitute a majority of that industry sectors broad market capitalisation. This concentration is observed in most industry sectors. For example in the broad market there are 11 Energy companies of which 3 companies constitute 96% of the market capitalisation. This trend is repeated in the Information technology industry where 1 company out of 11 Information technology companies in the broad market constitutes 90% of the market capitalisation (Table 4).

Table 4: Concentration of market capitalisation by industry

BY INDUSTRY	BROAD MARKET		IBOVESPA Index		Market Cap of iBOVESPA securities as a % of the broad
	Number of securities	Market Cap in USD MN	Number of securities	Market Cap in USD MN	
Consumer Discretionary	75	50,075	9	23,834	48%
Consumer Staples	25	172,254	8	161,294	94%
Energy	11	77,913	3	75,072	96%
Financials	50	249,579	12	223,302	89%
Health Care	11	7,205	1	2,220	31%
Industrials	50	37,294	7	21,969	59%
Information Technology	9	28,655	1	25,764	90%
Materials	34	73,105	9	65,271	89%
Telecommunication Services	6	32,167	3	31,916	99%
Utilities	44	67,083	8	34,250	51%

Source: Horizon Research, S&P CapitalIQ

Industry sectors oriented for growth

The financials, consumer staples, energy and materials industries are amongst the largest industry sectors by market capitalisation in the Brazilian equity market with respective participations of 31.4%, 21.7%, 9.8% and 9.2% respectively.

Each sector of the Brazilian market has its particular economics, and it would not always be accurate to compare two industries using the same financial indicator. However, certain trends are discernible when we analyze performance highlights by industry grouping (Table 5).

Table 5: Analysis of performance highlights by industry

BY INDUSTRY	Number of Co's	Market Cap (USD MN)	Enterprise Value (USD MN)	Net Debt (USD MN)	ROE:2014	FCF Yld : 2014	Dvd Yld : 2014	P/E : 2014	EV/EBITDA: 2014	P/BV : 2014	PEG Ratio	Total Return: Y-5 (I)	Total Return: Y-1 (I)	EPS T12M	Annual Value Traded (USD MN)	Value Traded as Percentage of All Stocks	Annual Value Traded to Market Cap
Consumer Discretionary	75	50,075	64,341	12,063	22.0%	1.5%	4.6%	13.5	12.1	4.7	0.70	47.4%	3.3%	0.5	42,541	10.1%	85.0%
Consumer Staples	23	172,254	194,469	18,195	26.1%	3.9%	2.5%	20.6	12.3	5.4	1.64	41.9%	22.5%	0.4	50,883	12.1%	29.5%
Energy	11	77,913	182,834	99,848	-2.4%	-5.9%	0.4%	3.4	7.0	1.1	0.02	-40.2%	-21.4%	(0.3)	59,244	14.1%	76.0%
Financials	50	249,579	78,338	319,850	20.5%	0.5%	4.0%	10.5	9.4	2.1	0.84	24.2%	10.4%	0.9	149,374	35.6%	59.9%
Health Care	11	7,205	7,769	547	12.9%	3.2%	2.4%	38.0	12.7	3.9	0.70	31.1%	4.9%	0.3	5,811	1.4%	80.6%
Industrials	50	37,294	53,844	15,712	16.0%	-1.9%	2.2%	19.7	10.8	4.1	0.23	22.8%	-9.3%	0.3	26,733	6.4%	71.7%
Information Technology	9	28,655	33,225	1,108	77.6%	0.8%	2.9%	17.6	16.8	13.5	3.24	220.9%	24.5%	0.6	9,523	2.9%	33.2%
Materials	34	73,105	149,805	61,511	1.6%	0.9%	6.8%	59.6	6.7	0.9	1.04	12.1%	8.3%	(0.4)	44,460	10.6%	60.8%
Telecommunication Services	6	32,167	46,058	12,879	10.0%	0.0%	7.1%	11.9	5.3	1.4	-	-3.9%	-3.3%	1.1	10,610	2.5%	33.0%
Utilities	44	67,083	118,698	47,720	16.0%	0.8%	2.9%	5.4	8.0	1.5	1.17	-1.1%	-0.6%	0.5	20,059	4.8%	29.9%

Source: Horizon Research , S&P CapitalIQ

The consumer discretionary industry, which includes textiles, media, automobiles, hotels and household durables, represent 6.3% of market capitalisation and 10.1% of traded volume. This sector has 2014 FCF yield of 1.5%, and 2014 dividend yield of 4.6%. The sector traded at 2014 P/E ratio of 13.5x and 12.1x EV/EBITDA, marginally above the Index. These disconnects in financial ratios versus the index respond to secular trends in the sector (e.g. increasing disposable income leading to higher demand).

The consumer staples industry, which includes alcohol, tobacco, packaged foods, and agricultural products, represents 21.7% of all market capitalisation and 12.1% of value traded. It has a 9% net debt to enterprise value ratio, and 2014 ROE of 26.1%, with FCF yield of 3.9% and dividend yield of 2.5%. The sector is trading at 20.6x 2014 P/E and 12.3x 2014 EV/EBITDA. Valuations for the 'consumer staples' sector are a reflection of high growth in this sector with the PEG ratio near 1.64.

The energy industry, which includes oil, gas and coal exploratory companies and allied services represents 9.8% of all market capitalisation and only 14.1% of value traded, has a 55.0% net debt to enterprise value ratio, and 2014 ROE of -2.4%, with FCF yield of -5.9% and dividend yield of 0.4%. The sector is trading at 3.4x 2014 P/E and 7.0x 2014 EV/EBITDA.

The financial industry, which includes banks, asset management, mortgage finance and thrifts represents 31.4% of all market capitalisation and 35.6% of value traded which is the highest amongst all industry groups. The financial industry has weighted average ROE of 20.5% for 2014 and dividend yields of 4.0% for 2014. The sector traded at 2014 P/E of 10.5x and a 2014 P/B ratio of 2.1.

The health care industry represents 0.9% of the total market capitalisation and 1.4% of total value traded. It has an ROE of 12.9%, 2014 FCF yield of 3.2%, and a 2014 dividend yield of 2.4%. The sector traded at 2014 P/E of 38.0x and 12.7x 2014 EV/EBITDA.

Industrials represent 4.7% of all Brazilian market capitalisation and 6.4% of all value traded. The sector has net debt to enterprise value of 28.0%. The 2014 ROE of the sector is 16.0%, 2014 FCF yield is -1.9% (which is the lowest amongst all industry groups except energy industry with -5.9%), while still maintaining 2.2% 2014 dividend yield. The sector traded at 2014 P/E of 19.7x and 10.8x 2014 EV/EBITDA.

The information technology industry represents 3.6% of all market capitalisation and 2.3% of value traded. The sector has net debt to enterprise value of 3.0%. The 2014 ROE of the sector is 70.7% (which is the highest among all industry groups), 2014 FCF yield is 0.8% and dividend yield is 2.9% 2014. The sector traded at 2014 P/E of 17.6x and 16.8x 2014 EV/EBITDA.

The materials industry, which includes chemicals, metals and mining, construction material, paper and pulp and fertilizers, represents 9.2% of all market capitalisation and 10.6% of value traded. The sector has net debt to enterprise value of 41.0%. The 2014 ROE of the sector is 1.6%, 2014 FCF yield is 0.9% and the 2014 dividend yield is 6.8%. The sector traded at 2014 P/E of 59.6x and 6.7x 2014 EV/EBITDA.

Telecommunication services represent 4.0% of all Brazilian market capitalisation and 2.5% of all value traded. The sector has net debt to enterprise value of 28.0%. The 2014 ROE of the sector is 10.0%, 2014 FCF yield is 0.0% and the 2014 dividend yield is 7.1% (which is highest among the all industry groups). The sector traded at 2014 P/E of 11.9x and 5.3x 2014 EV/EBITDA.

The utilities industry, which includes independent power producers & energy traders, electric, water and gas utilities represents 8.4% of all market capitalisation and 4.8% of value traded. The sector has net debt to enterprise value of 40.0%. The 2014 ROE of the sector is 16.0%, 2014 FCF yield is 0.8% and the 2014 dividend yield is 2.9%. The sector traded at 2014 P/E of 5.4x and 8.0x 2014 EV/EBITDA.

THE BRAZILIAN ECONOMY

While Brazilian GDP (at current USD) has increased from USD 552 billion in 2003 to USD 2,246 billion in 2013, the total market capitalisation to GDP ratio is below global levels leading to lower valuations in the Brazilian equity markets. Brazilian broad market capitalisation of USD 844 billion in 2014 represents 36% of Brazilian GDP. This is below the long-term average trend and is lower than the recent peak 2012 of 55%. In comparison, the ratio of US, China and India market capitalisation to GDP in 2014 are 145%, 58% and 76% (Table 6).

We believe Brazilian GDP will continue to grow at its at an average of 3-4% in the long term, which will provide an added impetus to companies across capitalisation and industry sectors. Brazil is the seventh largest economy in the world with an estimated GDP in 2013 of USD 2,246 billion in current dollars.¹

Net FDI that has increased in most years stood at USD 81 billion in 2013 (Table 6). Portfolio inflows in 2013 were USD 12 billion, these were lower than Portfolio inflows for China which were USD 35 billion and India which were USD 20 billion.

¹ Source World Bank

Table 6: Comparative: Economic indicators for the past 10 years

BRAZIL Indicators (in USD Billion)	2003	2008	2012	2013	2014
GDP (current US\$)	552	1,654	2,249	2,246	2,353
Market capitalization of listed companies (current US\$)	235	589	1,230	1,020	844
Market Capitalization to GDP Ratio	42%	36%	55%	45%	36%
Foreign direct investment, net inflows (BoP, current US\$)	10	51	76	81	
GDP growth (annual %)	1	5	1	2	
GDP per capita (current US\$)	3,040	8,623	11,320	11,208	
Merchandise trade (% of GDP)	22	23	21	22	
Portfolio equity, net inflows (BoP, current US\$)	3	(8)	6	12	
Agriculture, value added (% of GDP)	7	6	5	6	
Manufacturing, value added (% of GDP)	18	17	13	13	
Services, etc., value added (% of GDP)	65	66	69	69	
USA Indicators (in USD Billion)	2003	2008	2012	2013	2014
GDP (current US\$)	11,511	14,719	16,163	16,768	18,125
Market capitalization of listed companies (current US\$)	14,266	11,738	18,668	24,035	26,331
Market Capitalization to GDP Ratio	124%	80%	115%	143%	145%
Foreign direct investment, net inflows (BoP, current US\$)	64	333	218	295	
GDP growth (annual %)	3	(0)	2	2	
GDP per capita (current US\$)	39,677	48,401	51,496	53,042	
Merchandise trade (% of GDP)	18	23	24	23	
Portfolio equity, net inflows (BoP, current US\$)	34	127	239	(85)	
Agriculture, value added (% of GDP)	1	1	1	NA	
Manufacturing, value added (% of GDP)	14	13	13	NA	
Services, etc., value added (% of GDP)	77	77	78	NA	
China Indicators (in USD Billion)	2003	2008	2012	2013	2014
GDP (current US\$)	1,641	4,522	8,229	9,240	10,380
Market capitalization of listed companies (current US\$)	681	2,794	3,697	3,949	6,005
Market Capitalization to GDP Ratio	42%	62%	45%	43%	58%
Foreign direct investment, net inflows (BoP, current US\$)	49	187	296	348	
GDP growth (annual %)	10	10	8	8	
GDP per capita (current US\$)	1,274	3,414	6,093	6,807	
Merchandise trade (% of GDP)	52	57	47	45	
Portfolio equity, net inflows (BoP, current US\$)	8	8	30	33	
Agriculture, value added (% of GDP)	13	11	10	10	
Manufacturing, value added (% of GDP)	33	33	32	32	
Services, etc., value added (% of GDP)	41	42	45	46	
India Indicators (in USD Billion)	2003	2008	2012	2013	2014
GDP (current US\$)	618	1,224	1,836	1,875	2,050
Market capitalization of listed companies (current US\$)	279	645	1,263	1,139	1,558
Market Capitalization to GDP Ratio	45%	53%	69%	61%	76%
Foreign direct investment, net inflows (BoP, current US\$)	4	43	24	28	
GDP growth (annual %)	8	4	5	7	
GDP per capita (current US\$)	565	1,042	1,484	1,498	
Merchandise trade (% of GDP)	21	42	43	42	
Portfolio equity, net inflows (BoP, current US\$)	8	(15)	23	20	
Agriculture, value added (% of GDP)	21	18	18	18	
Manufacturing, value added (% of GDP)	15	15	18	17	
Services, etc., value added (% of GDP)	53	54	50	51	

Source: Horizon Research, The World Bank, IMF

Brazilian exports are diversified, though in general food and manufactures exports are the largest export items in most years. With Merchandise trade/GDP ratio increasing, Brazil is becoming more integrated with and sensitive to global economic conditions. The degree of openness to trade represented by the Merchandise trade/GDP ratio is lower in Brazil at 22% in 2014, as compared to 45% for China and 42% for India (Table 7).

Table 7: Comparative Trade indicators

Brazil	2,011	2,012	2,013
Merchandise exports (current US\$ Billion)	256	243	242
Merchandise trade (% of GDP)	20	21	22
Agricultural raw materials exports (% of merchandise exports)	4	4	4
Food exports (% of merchandise exports)	31	32	34
Fuel exports (% of merchandise exports)	11	11	7
Manufactures exports (% of merchandise exports)	34	35	36
Ores and metals exports (% of merchandise exports)	19	16	16
USA	2,011	2,012	2,013
Merchandise exports (current US\$ Billion)	1,483	1,546	1,580
Merchandise trade (% of GDP)	24	24	23
Agricultural raw materials exports (% of merchandise exports)	3	2	2
Food exports (% of merchandise exports)	10	10	10
Fuel exports (% of merchandise exports)	10	10	11
Manufactures exports (% of merchandise exports)	63	63	62
Ores and metals exports (% of merchandise exports)	4	4	3
China	2,011	2,012	2,013
Merchandise exports (current US\$ Billion)	1,898	2,049	2,209
Merchandise trade (% of GDP)	50	47	45
Agricultural raw materials exports (% of merchandise exports)	1	0	0
Food exports (% of merchandise exports)	3	3	3
Fuel exports (% of merchandise exports)	2	2	2
Manufactures exports (% of merchandise exports)	93	94	94
Ores and metals exports (% of merchandise exports)	1	1	1
India	2,011	2,012	2,013
Merchandise exports (current US\$ Billion)	303	297	313
Merchandise trade (% of GDP)	42	43	42
Agricultural raw materials exports (% of merchandise exports)	2	2	2
Food exports (% of merchandise exports)	9	11	11
Fuel exports (% of merchandise exports)	19	19	20
Manufactures exports (% of merchandise exports)	62	65	62
Ores and metals exports (% of merchandise exports)	4	3	3

Source: Horizon Research, The World Bank, IMF

ⁱ Source: S&P CapitalIQ May 1, 2015

ⁱⁱ Source: FT <http://www.ft.com/intl/cms/s/0/86f6cd10-582f-11e4-b331-00144feab7de.html#axzz3YxEz8tyy>

ⁱⁱⁱ <http://ir.bmfbovespa.com.br/enu/2304/BVMF%20Presentation%20-%20Abril%202015.pdf>

^{iv} For further information on the methodology visit: http://www.bmfbovespa.com.br/Indices/download/IBovespa_ing.pdf

Manjit Singh Kalha, the analyst who prepared this report, hereby certify that the views expressed in this report accurately reflect the analyst's personal views about the subject companies and their securities. The Research Analyst has not been, is not and will not be receiving direct or indirect compensation for expressing the specific recommendation or view in this report.

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Important Disclosures

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