Quarterly Report

Second Quarter / 2012

Investidor Profissional
Desde 1988

INDEX

The change in the market price of VBF Portfolio's positions resulted in an -11.6% variation in the NAV per share for the second quarter of 2012. The Fund's variation in the year was -2.2%.

Invested assets hovered around 68%, unchanged from the end of last quarter. We do not manage this ratio directly, it results instead from our (in)capacity to identify opportunities that satisfy us.

During the first quarter the market rose sharply. The Ibovespa appreciated almost 30% in dollars, while our fund was up 19%. In the following months, as the market fell again, the fund began to overperform it in relative terms. In May, the Ibovespa dropped 16.7% while the VBF-Portfolio fell 7.8%. At the end of June, the Ibovespa was down 11.4% YTD while the VBF-Portfolio was down 2.2%.

These numbers are not so relevant, but the exercise aligns our expectations with those our clients. The pattern seen in the first half will occur frequently as a result of our independence from the major stock indexes and our focus on high returns in absolute terms.

During the quarter, we raised the investments in Itaúsa, Duratex, Lojas Renner and Cyrela, in addition to slight reductions concentrated on Multiplan, Aliansce, Natura, Brasil Foods and Ambev ON. In most cases, these reductions were fueled by the good performance and subsequent decrease in the margin of safety. We also ended the position in Totvs. We carried out four new investments, initially small positions in which we are still mulling potential increases (or divestments).

We remain optimistic with the investment in Panvel. Its results remain fantastic and the opportunities are aplenty. Even with a significant appreciation recently, Panvel still trade at 12-13x estimated 2012 earnings.

The prospects for our investments improved in the second quarter. Although many companies that we admire did not drop as much as the market in general, it is possible to identify high quality companies trading at more attractive prices. We are long in businesses we like, which still trade at interesting prices. At the same time, we are holding cash waiting for better opportunities.

Later in this report we will provide details on a company already menthioned in previous reports: Natura

REDECARD PUBLIC OFFERING

The market's reaction to Itaú-Unibanco's attempt to take Redecard private, announced in June, impressed us.

How many controlling shareholders in Itaú's position would have refrained from delisting Redecard in 2010, when its stock traded below R$18? And how many would have pitched a public offering to take the business private at R$35 per share, consisting of more than 10% premium to the stock price the day before the offering was announced? If this bid was considered unsatisfying, we lack the adjectives to classify the public offerings by some Brazilian controlling shareholders.

One argument against the bank´s offer was that "the acquiring market had stabilized and therefore the business was worth more". Well, this market is highly concentrated as Cielo (controlled by Bradesco and Banco do Brasil) and Redecard command roughly 90% of it. In 2010 we, as outsiders, believed it was likely that the market could stabilize smoothly. Didn't Itaú see the same thing? Why didn't the bank seize this opportunity? The only reason we could think off was that Itaú did not want to be an opportunist at the expense of the other shareholders in the company. This should be praised.

Although we thought there was potential above R$35 per stock, we believe the price is reasonable. Thinking as an Itaúsa shareholder, we would be disappointed if the group paid much more.

As for the pressure that may have been identified in the statements that followed, we believe the bank acted correctly. As the old shareholders sold their stock to new buyers at prices slightly above the bid (which would prove the buyers expected another rise), the bank risked being forced to pay an even higher price if it wanted its fair bid to succeed. Therefore, it had to react.

We still have a small stake in Redecard and we will accept the bid in the future.

Natura

Natura is Brazil's leading company in direct sales with about 1.4 million consultants (resellers). Of that total, 90% work in Brazil and the other consultants are based in Argentina, Chile, Peru, Colombia and Mexico. During the past decade, Natura became one of the fastest growing cosmetics and personal hygiene companies with the best margins in the world. Given its strong brand, Natura is one of the few companies in Brazil that we can attest to having some pricing power. Its business is outstanding with roughly 45% return on capital, capable of growing 10-15% a year and paying a large amount of its profit as dividend.

In short, Natura's success is based on three pillars: (i) brand (ii) sales channel and (iii) innovation. These pillars have strengthened the company, allowing it to benefit from a virtuous circle. The Natura brand owes much of its strength to its loyal, well trained and active sales channel. The channel is stimulated by innovation, which also played a key part in building the brand – creating high quality products and developing a unique language and product concept. Without one of the pillars, it is unlikely that the company would have gone so far.

As with every company, short term difficulties eventually appear. Last year, one such instance allowed us to set up a new investment at an attractive price. During 2011, we gradually raised the exposure to what we presently consider a medium-sized position. The increase was due to studies about the competitive environment and the company's progress.

One area of progress is the company's maturing international operations. The external market already accounts for about 10% of the total revenue, doubling in size every three years. After years of investments and brand and sales channel building, the company has started to narrow negative results – which put a drag on consolidated results – finally aiming at a positive contribution in the coming years.

Of the three pillars, the focus on improving the sales channel caught our attention. Natura is seeking to significantly improve the service provided to the consultants and their end customers, with part of the results already obtained during 2012.

It is remarkable that until the end of last year it took consumers 12 days[1] from order to delivery. Approximately six days accounted for the consultant hoarding enough requests so she could place the minimum order demanded by Natura, while delivery time made up the remainder. Considering that some consumers are not so patient, sales are lost to competitors whose products are in stock at

[1] The average lead time of 12 days applies to consultants who do not have stock, which account for about 75% of all consultants, according to the company.

the nearest store. To make up for this feature of the sales model, the company has invested heavily in revamping its logistics and distribution. The goal is to reduce the average delivery time to consultants across the country from six to two or three days– and shrink it further in large capitals.

After concluding this step, Natura intends to implement an innovative concept into its sales channel: direct deliveries to the end consumer, always with the approval and intermediation of its consultants. The end consumer will continue to interact with the consultants, but he will take delivery of the products directly at home, shipped by Natura. This operation will drastically quicken distribution: from 12 to just two or three days.

Naturally, the impact of a reduced lead time is hard to measure. It seems clear that a beefed up channel will boost the other two cornerstones of the company – brand and innovation. Faster and more frequent interactions with the sales force will enable the Natura brand greater contact with its consumers. The company's visibility will expand beyond the channel to reach the final client, making the creation of new products and concepts more assertive.

Also, given the continental size of Brazil and its scattered retail, Natura's far reaching distribution can be considered a sizable differential. It can be exemplified when one compares Natura with Boticário, which is another important company in beauty and personal hygiene. It has stores in 1,650 Brazilian cities while Natura reaches more than 5,000 cities with its direct selling model – covering more than 90% of all cities in Brazil. When this breadth is combined with speed and delivery recurrence, it makes Natura all the more powerful.

Another opportunity stems from the untapped online channel, which could also benefit from better logistics. It is possible to see ways in which the internet will be used as a channel without hurting the consultants. One alternative is the creation of customized Web sites for each consultant interested in selling products on the Internet – where the individual pages would be linked to the company's internal system for order taking and product delivery. This would lessen the potential conflict and spread the reach over unattended clients. Also regarding the online strategy, we realized it became viable after an important mindset change at the company: the revamping of its information technology area. It is now an innovation platform, in addition to providing support.

There are challenges, of course. We believe they are being adequately managed, while there are numerous opportunities to tap in the business. Risks also exist. We are watchful and will adjust the size of the position whenever necessary. The quality of the asset and the continuous effort by the managers to protect and expand the company's competitive differentials outweigh the risks and provide Natura a unique position – of having a brand with a significantly wider reach than captured by its sales and a plan to capitalize on this opportunity.

The change in the market price of IP-Global's positions resulted in a -5.2% variation in the NAV per share for the second quarter of 2012. The Fund's variation in the year was 4.5%. Since the Fund's inception in 2001, the cumulative return of IP-Global portfolio has reached 91.8%.

Waste Land

It is inevitable to allude to Vik Muniz, the famous Brazilian artist, when we refer to part of our portfolio. Throughout the past few months we set up a basket of companies that we have known for decades and are going through bad times. These are "mean reversion" cases representing a small part of the fund's assets.

The most controversial highlights are Nokia, HP, JC Penney and Deckers.

Nokia

Nokia is a wellknown territory. We lost money on a long position in the company previously. On that occasion, the business turned sour (rise of Asia) and we ended the position. Now we have resumed our purchases.

The pros:

1. Patents.
2. Brand.
3. Distribution, especially across emerging markets such as India and Brazil.
4. Balance sheet, even though it is quickly deteriorating.
5. Governance. Here we have little conviction – and our conviction, if any, is due to our respect for the Scandinavian.
6. Potential for handset sales recovery with the new Windows Phone system.
7. Strategic value (like Motorola to Google).
8. High implicit option volatility.
9. Low stock price.

The cons:

1. Low concentration of relevant stockholders – company "without an owner".
2. High dependence on the European market – no additional comments here...
3. The barbarians have crossed the gates, now let's root for innovative defenses.
4. High risk of being on thin ice.

Nokia presently accounts for less than 1% of the fund's portfolio.

Hewlett-Packard

Given the company's governance mistakes that date back to the first half of the past decade, the latest news are not encouraging. Stockholders need to pray so that after the disaster seen with Carly Fiorina, then the enormous success with Mark Hurd followed by another disaster with Leo Apotheker, things will be shored up by Meg Whitman, the current CEO who did a reasonable job at eBay.

It looks like the top aspect behind the choice of Meg Whitman was the need for a leader respected by the board and somewhat knowledgeable of the IT market. She apparently acknowledged the size of the challenge. The company aims to become a provider of IT infrastructure. The difference is that "infrastructure" today encompasses several services and is no longer commoditized. HP has positioned itself this way for a few years – late compared with IBM but ahead of Dell.

HP, with more than US$100 billion in annual sales and presence in many segments and countries, today is the largest IT company in the world. Its major risk is inaction. The company is strong in most of the markets where it is present. Maybe it should pull a trick from 1999, when it spun-off its scientific instruments segment leading to Agilent, a “small company” with a US$10 billion market value.

We have hardly any doubts that there is still plenty of value hidden at HP just waiting to come to shore. The devil is in the details, and in this case the devil is called execution. Luckily, Meg is known to be a good executor. Also in favor of HP is the acquisition of roughly US$400 million worth of stock by its directors and board members.

JC Penney

The story is well known in the market: big activist investor with an excellent track record takes the helm of a company that owns underperforming brand and assets. This investor replaces managers and goes into offensive mode.

Those who are truly involved deserve respect – Bill Ackman (Pershing Square) and Ron Johnson (ex-Target and wizard of the Apple Stores). The idea of driving JCP away from being a heavy discounter in order to become a more attractive, efficient store with consistent prices also looks good. The plan’s execution is more complex. Still, the players’ level of commitment is pleasing.

In the past, we bought the stock at US$30 and at US$40. We came back at US$25 (always extracting premium from puts and calls). It is naive to imagine that the planned changes will have a positive effect in the short term. Likewise, it is naive to assume that the stock will be available at the current price if the improvements materialize.

Deckers

This is an interesting footwear company. It is known for its UGG[2] boots and other products such as Teva[3] sandals.

During the first half of the past decade, the company appeared to have quality but the stock was excessively expensive. We had doubts about the culture of the company, the commitment of its executives and how the issue of a limited portfolio would be addressed.

Since then, Deckers grew and proved its channels are consistent and diversified with new products. Cash generation is strong and has been used for growth and to buy back stocks.

The stock had fallen because of the weak winter season in the U.S. and the rising operating cost due to increased prices of New Zealand sheepskin. Given the company’s qualities and price, we decided to set up a position.

Core Holdings

Berkshire, Microsoft, AB-InBev, Google, Itaúsa and Amazon are still the core holdings on the long side and Apple on the short side. We have exhausted our comments on the long positions, so let’s move to the rationale behind Apple.

Apple - *the big short*?

A few people at our office migrated to Apple more than a decade ago. Today we have dozens of Macs but updating them is an issue. Back to our senses, we are looking forward to Windows 8 while more of us use Android mobile phones and read on Kindles.

We have listed a few conceptual and personal causes for such skepticism.

[2] www.ugg.com
[3] www.teva.com

An alleged advantage enjoyed by Apple smartphones is their overwhelming number of apps. However, experience shows it is easy to find Android apps that are similar or identical to most of those available for the iPhone. And more: of the hundreds of thousands of apps available in both platforms, only a few are original, useful and reliable. More than 90% is garbage. So we disagree with the advantage here.

A conceptual reason: consumer product success is fickle, especially in technology. Just ask Nokia or Sony.

A practical reason: Blackberrys took over the world just a few years ago. Having dominated the corporate market, the BBM network sucked in the kids with free text messaging. Only to be decimated by iPhones and Androids. Apparently the switching cost was not that high, or at least not enough to justify the stock price. "Coolness is a cruel business."

A personal example: the new Mac OS is available in Brazil only via download and it's a few gigabytes. We live and work most of the time in a favored neighborhood in Rio de Janeiro and a few gigabytes is a lot. Especially when the management tools for corporate environments do not exist. So we have to make the updates one by one.

In summary: Apple is a great company and will likely be profitable for years to come. But $560 billion sounds excessive compared with:

Company	Market Value (on June 26, $B)
Microsoft	$257
Cisco	$92
Google	$189
Amazon	$103
Walmart	$236
Berkshire Hathaway	$206
JC Penney	$5
Hewlett Packard	$40
Itaúsa	$25

Of course Apple's business model is strong, but is it enough to justify the stock price?

Our answer so far has been to go long on a basket of technology companies such as Microsoft, Amazon, Cisco and Google, and marginal ones like Marvell. And short Apple via calls with various strike prices, so that we get well paid in volatility and still manage to be in the game in case of an abrupt fall.

Gold

The latest news from the crisis permitted the reduction of a position that was one of the top performers of the fund in the past few years. We were finally exercised on the position that we maintained regularly, financed with calls and selling puts - and we do not foresee greater attention to this asset class.

The Gold basket, previously one of the most relevant positions, now accounts for less than 1% of the fund. "Never say never." Still, our attention is concentrated on other fields such as technology and retail in the U.S. We are grateful for the luck we had.

Twist and Shout... continued

Our Q3 2011 report mentioned the Beatles' tune in an allusion to Ben Bernanke's Operation Twist (relating to the US Treasury Yield curve). The auction of Edvard Munch's "Scream", sold last May for US$ 120 Million, provides further indication that the dollar has indeed devalued, despite the contrary opinion of many economists. Gold is up, art is skyrocketing and beachfront deals in Rio de Janeiro easily sell for over $10 million. Nothing is right or wrong, but the purchasing power of the dollar definitely changed.

Options Trades

Option trades have drawn some interest, so here is a brief explanation.

The trades are small, implying about 20% to 30% in gross exposure change in module if all are exercised – both call and puts. This is hard to happen since some of the trades involve the sale of both puts and calls on the same asset and same expiration date. Since they tend to be "American[4]" options, one could conjure up situations where we could be exercised on both.

To prevent this "unlikely scenario" (heard that BS before?) from hurting the fund, we keep a tight limit on them. Even if the trades were exercised and everything moved against us, there still wouldn't be any liquidity problem.

These trades' small contribution has been more than enough to cover all fund expenses.

Perspectives

We continue to be as happy as ever as investors, finding shares in great companies at attractive prices. Also, we have financed and protected these positions by selling calls and shorting other positions at prices that we believe more than compensate for the risks. Particularly with the recent high volatility stoking the premiums received in option sales.

We continue to be:

1. Long term buyers of equities, with special attention to companies with good governance, aligned management and great businesses.
2. Extremely bearish on long-term government debt (and have been paying our duty for that, being short in long term U.S. bonds for more than a year).
3. Hunting small rabbits, keeping our reflexes ready for the big elephants.
4. Sellers of short term volatility.
5. Selective pessimists (according to Murphy's Law, if something can go wrong, it will go wrong) and forced long-term optimists (if not, why bother at all?)

Markets will continue to oscillate...

[4] Options that can be exercised at any moment until maturity. European options are exercised only at maturity.

Investidor Profissional Art Prize

PIPA 2012 nominated its artists at the start of the second quarter. On April 28, the final list of participants was unveiled[5]. The complete list of the 2012 edition is available at http://www.pipaprize.com/artists/.

On June 15, the four finalists who will exhibit their artwork at MAM-Rio were announced. They will vie for the big PIPA 2012 prize (R$100,000.00 including an international residency program in London in 2013) as well as for the Popular Vote Exhibition. The finalists:

- Marcius Galan
- Matheus Rocha Pitta
- Rodrigo Braga
- Thiago Rocha Pitta

By choosing Marcius, for the first time PIPA 2012 picked as finalist an artist who had already competed for the Prize.

Tracking our past winners

Renata Lucas and Tatiana Blass, winners of the 2010 and 2011 editions, have become hors-concours.

Renata is now a board member at the traditional art residency program Capacete. She also participates in dOCUMENTA (13), a Germany-held quinquennial event considered the largest contemporary art exhibition in the world, which will run through September.

As for Tatiana, she is trailing the perfect career we envisioned to promote at PIPA's outset – so we could not be prouder. She won PIPA and the Popular Vote Exhibition, and soon after the award she made a beautiful work at the Morumbi Chapel and an exhibit whose contents were sold out before the inauguration. Currently the artist is in London in a residency at the renowned Gasworks art institution - as part of the prize for winning PIPA 2011. Her work was also included in the last auction at Bolsa de Arte, the leading auction house in Brazil, which took place on June 28 in São Paulo.

With a captivating charm and unparalleled humbleness, Tatiana heaps achievements and crafts art that fascinate, excite, question and instigate children, adults and elders alike. A genius whose achievements will likely lead many youngsters to an art career.

In order to follow Tatiana Blass's residency, we suggest the Skype-recorded videos available on her page at PIPA: http://www.pipaprize.com/pag/artists/tatiana-blass/

PIPA Online 2012

As the events of the second quarter came to an end – artist nomination, selection of finalists and the start of the residency program for the PIPA 2011 winner – the big occasion in the third quarter will be PIPA Online, to take place in two rounds. PIPA Online aims to expand the access of the general public to Brazilian art, especially youngsters.

[5] Not all nominees can or accept to participate.

The major dates on the schedule of PIPA Online are:

August 17

Start of polling for the 1st round of PIPA Online

September 2

End of polling for the 1st round of PIPA Online

September 9

Start of polling for the 2nd round of PIPA Online

September 23

End of polling for the 2nd round of PIPA Online

September 28

Winners of PIPA Online are Announced

And The Ship Sails On...

Meanwhile, on a daily basis "the girls" at Instituto IP, which coordinates PIPA, update the site in Portuguese and English. There, the user has information relating to artists, art directors, members of the Nominating Committee and institutions related to PIPA, as well as individual pages of the artists who have participated in PIPA and exclusive videos produced by "the boys" at Matrioska Movies.

PIPA's partial report on the Internet contains:

- 65,000 PIPA fans on Facebook (amassed since the beginning of PIPA).
- Brazilian site (www.pipa.org.br): more than 25,000 "different/unique" visitors in 2012.
- Site in English (www.pipaprize.com): more than 6,000 "different/unique" visitors in 2012.

The fulfillment of short-term quantitative targets makes us proud and upbeat. Better yet is to see that the ultimate goal of PIPA – to promote art as a fundamental element of humanity due to its diversity, instigation and pleasure - is on the horizon.

Last but not least, we highlight the excellent interview by the neuroscientist Eric Kandel, published on June 15 in the "Valor Econômico" newspaper, at the launch of his new book, "The Age of Insight: The Quest to Understand the Unconscious in Art, Mind, and Brain, from Vienna 1900 to the Present."

Kandel won the Nobel Prize in Medicine and Physiology in 2000 for his work on the storage of memories in the brain. In his new book, he seeks to unravel the relevance of art in this process, starting with the creative "apocalypse" in Vienna at the start of the 20th century. In short, in his words: "bridging science and humanities is the great challenge for the coming years. I wanted to give an example of how this could be done. So I did the book." The full interview with "Valor Econômico" can be read at www.valor.com.br/cultura/2715382/artes-do-cerebro. The book is available on Amazon at: www.amazon.com/The-Age-Insight-Understand-Unconscious/dp/1400068711/

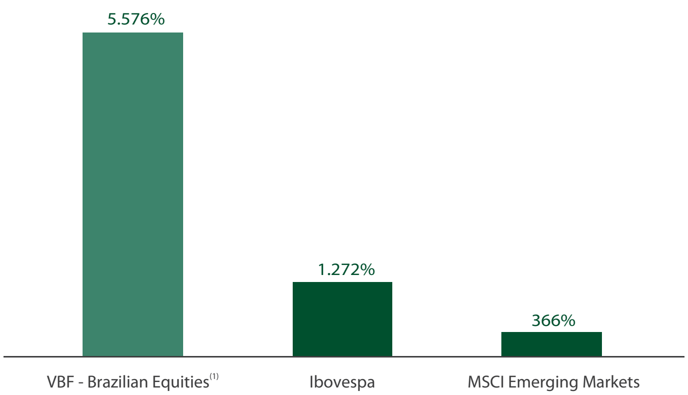
As always, for more details on PIPA - history, rules, updates on the artists' careers, work, résumés and exhibits - we recommend visiting the site www.pipa.org.br.

The exhibition of the four finalists' artwork will take place at MAM-Rio from October to December. Until then, museum visitors can enjoy a spectacular exhibition of Giacometti, as MAM is the only museum in Latin America to own such artwork.

Performance - VBF Portfolio Brazilian Equities Class

Performance (US$)(1)

Since February 26th, 1993 (1)



(1) For the period before VBF-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.

Equity Holding Characteristics

	% of total equities
Overlap with the Ibovespa portfolio	54
Small Cap (smaller than US$ 1bi)	20
Mid Cap (between US$ 1bi and US$ 5bi)	30
Large Cap (larger than US$ 5bi)	51

Concentration and Monthly Attribution

	%	Monthly Attribution (%)
Top 5	39	0.74
Next 5	15	0.06
Other	13	0.07
Cash	32	0.20

Objective

The investment objective of the VBF Segregated Portfolio is to provide sophisticated investors with substantial long-term returns comprised of capital appreciation (capital gains, dividends and interest income) by investing in companies listed on the São Paulo Stock Exchange ("BOVESPA"), which in the Investment Manager's opinion are trading at a substantial discount to their intrinsic value.

Strategy

The strategy of the VBF Segregated Portfolio is to identify and invest in companies whose prevailing share prices, in the Investment Manager's judgment, do not reflect their intrinsic values, and to hold such investments until such fair value is reflected in their market prices. While the VBF Segregated Portfolio may invest in any securities that in the Investment Manager's judgment meets the underlying objective of long-term capital appreciation.

Structure

IP Brazil Fund SPC, VBF Segregated Portfolio is an exempted company registered as a segregated portfolio company, incorporated under the provisions of the Companies Law of August 3rd, 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 VBF-Brazilian Equities Class: April 1st, 2010

Last 12 months returns (US$)(1)

Period	VBF-Br Equities (%)	Ibovespa (%)	MSCI EM (%)
June 12	1.07	-0.24	3.91
May 12	-7.83	-16.65	-11.16
April 12	-5.14	-8.43	-1.17
March 12	-6.20	-7.65	-3.33
February 12	7.29	6.33	6.01
January 12	9.96	18.57	11.36
December 11	0.05	-3.28	-1.20
November 11	-4.12	-8.71	-6.66
October 11	13.71	22.07	13.26
September 11	-13.34	-20.73	-14.56
August 11	-1.68	-5.83	-8.90
July 11	-3.19	-5.45	-0.38
Last 12 months	-12.00	-32.56	-15.67

Annual returns (US$)(1)

Period	VBF-Br Equities (%)	Ibovespa (%)	MSCI EM (%)
2012 (YTD)	-2.21	-11.36	4.12
2011	-9.41	-26.88	-17.77
2010	26.91	6.23	19.69
2009	151.58	143.95	77.42
2008	-54.98	-55.52	-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	96.16	141.04	56.35
2002	-28.31	-46.01	-6.04
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$)(1)

Period	VBF-Br Equities (%)	Ibovespa (%)	MSCI EM (%)
Last 5 years	6.91	-0.93	0.21
Last 10 years	27.54	21.66	14.70
Last 15 years	16.12	5.82	6.34
Since February 26th, 1993 (2)	23.60	14.73	8.41

(1) For the period before VBF-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.

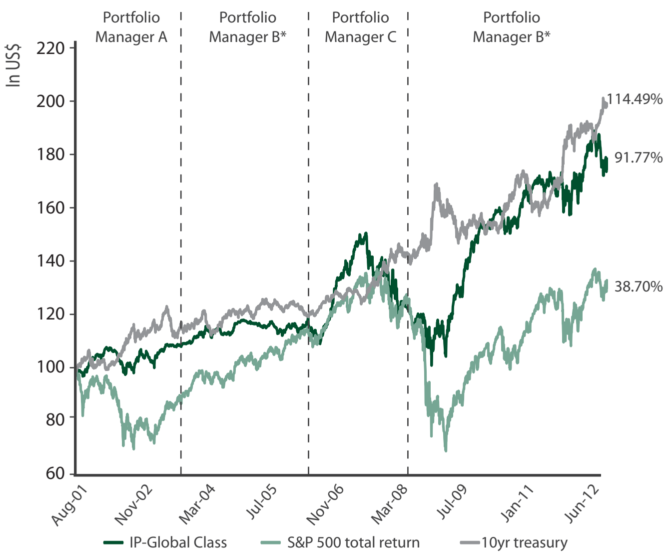
Terms and Conditions

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 VBF Segregated Portfolio.
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.

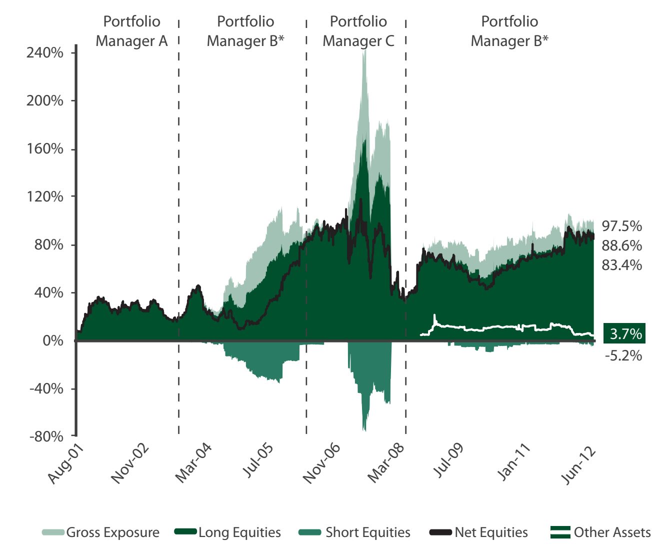
Additional Information

For additional information regarding of VBF, please contact us by phone at (55 21) 2104-0506 or by e-mail at contactus@investidorprofissional.com

Performance



Exposure



* Roberto Vinháes, 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

Investing among strategies, asset classes and geographies based on opportunities for medium to long-term value creation with limited use of leverage. Given our history and equity expertise, it is expected that over time the fund will have a relevant equity exposure and investments in other asset classes will be done mostly for hedging purposes.

Structure

IP-Global Class is a Class of IP Investment 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[1](%)	S&P 500 Total Return[2](%)	10 Yr Treasury[3](%)	Libor 3 months (%)
June 12	2.03	4.12	-0.65	0.02
May 12	-7.10	-6.01	4.05	0.03
April 12	0.05	-0.63	2.82	0.02
March 12	2.28	3.29	-2.12	0.03
February 12	2.58	4.32	-0.89	0.03
January 12	5.05	4.48	0.95	0.03
December 11	0.04	1.02	2.40	0.03
November 11	0.30	-0.22	0.35	0.03
October 11	7.54	10.93	-1.35	0.02
September 11	-5.47	-7.03	3.29	0.02
August 11	-1.01	-5.43	6.31	0.02
July 11	0.76	-2.03	3.67	0.01
Last 12 months	6.33	5.45	20.12	0.31

Annual returns (US$)

Period	IP-Global[1](%)	S&P 500 Total Return[2](%)	10 Yr Treasury[3](%)	Libor 3 months (%)
2012 (YTD)	4.52	9.49	4.09	0.17
2011	1.67	2.09	20.12	0.24
2010	11.82	13.93	7.68	0.24
2009	38.31	27.75	-10.64	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	28.76	1.01	0.86
2002	-1.29	-22.15	15.58	1.26
2001	6.04	-5.00	1.88	0.76

Annualized returns (US$)

Period	IP-Global[1](%)	S&P 500 Total Return[2](%)	10 Yr Treasury[3](%)	Libor 3 months (%)
Last 5 years	4.27	0.22	10.41	1.02
Last 10 years	6.48	5.43	7.42	1.61
Since Inception[4]	6.26	3.10	7.38	1.60

(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$ 1,000,000

Minimum Additional: US$ 100,000

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$ 100,000

Minimum Balance Left: US$ 1,000,000

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 regarding IP-Global Class, please contact us by phone at (55 21) 2104-0506 or by e-mail contactus@investidorprofissional.com

Miscellaneous

"We might describe our world as having retail sanity, but wholesale madness. Details are well understood; the big picture remains unclear. A fundamental challenge - in business as in life - is to integrate the micro and macro such that all things make sense."
Peter Thiel

"Change is inevitable, except from vending machines."
Robert C. Gallagher

"God bless the Queen. Sixty years of consistency deserves a lot of respect, whatever you think, wherever you live or believe."

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