



3ª Reunión de la Federación Iberoamericana de Fondos de Inversión

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ANBID – National Association of Investment Banks

**Cancún – MEXICO
July, 2009**

- **Founded in 1967, a non-for-profit association and the leading representative of the financial institutions operating in the Brazilian capital markets**
- **Represents capital markets and mutual funds industry in Brazil**
- ☐ **Self-regulates its products and services**
 - ☐  Promotion of best practices through enforcement
 - ☐  Promotion of Industry Congresses and Events
- ☐ **Education**
 - ☐  “How To Invest” website
 - ☐  Certification of Sales Force and Portfolio Managers
 - ☐  Awards for Master and PhD Degrees
- ☐ **Information and Transparency**
 - ☐  The largest market database in Brazil, available to everyone

Representativeness locally and abroad



ANBIDs members in figures

- **Assets under management (mar´09): US\$ 498 bn**
Our members represent almost 98% of the Brazilian asset management industry
- **Assets under custody (mar´09): US\$ 767 bn**
This represents almost 95% of the Brazilian custody industry
- **Public Offerings (accrued Jun´09): US\$ 31.37 bn**
Corresponding almost 100% of the Brazilian market

Representativeness locally and abroad



ANBIDs global membership

- **IOSCO**
International Organization of Securities Commissions
- **Member of SROCC**
The SRO Consultative Committee
- **IIFA**
International Investment Funds Association
- **AIMA**
Alternative Investment Management Association
- **FIAFIN**
IberoAmerican Federation of Mutual Funds

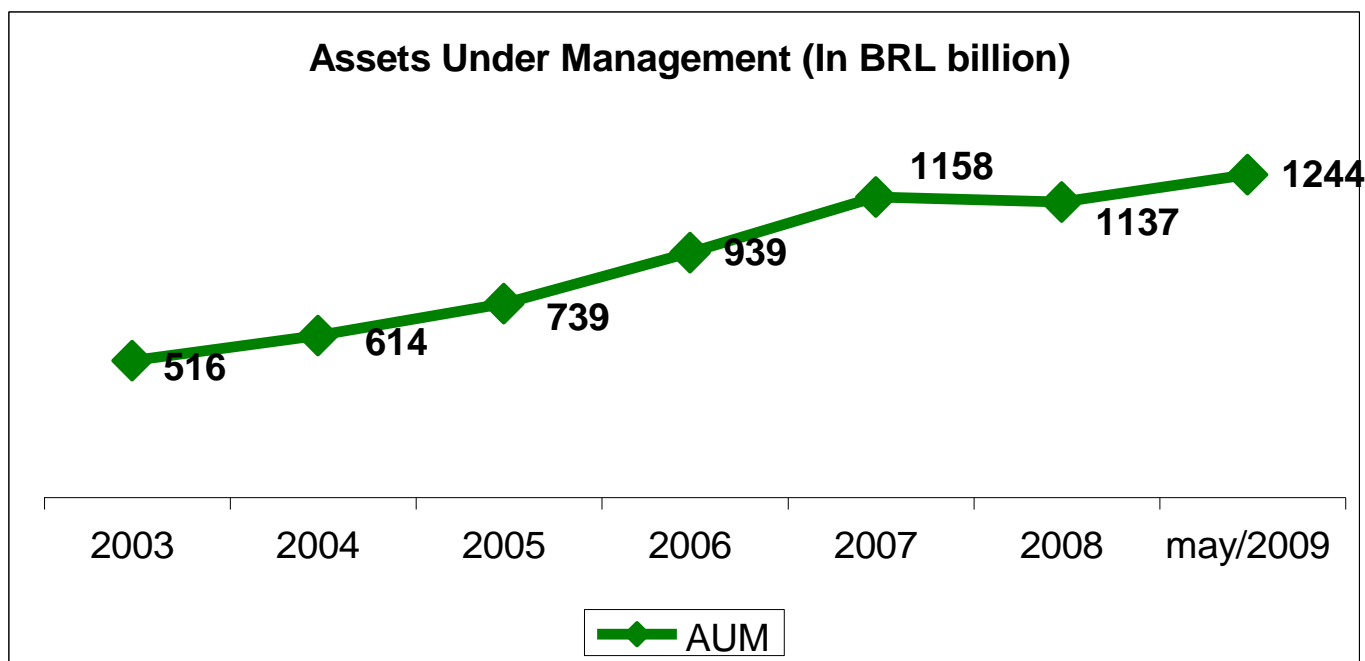
World Top 10 - Assets Under Management



Rank	Country	AUM (USD million)	Part. (%)
1	United States	9,601,090	50,6
2	Luxembourg	1,860,763	9,8
3	France	1,591,082	8,4
4	Australia	841,133	4,4
5	Ireland	720,486	3,8
6	Japan	575,327	3,0
7	United Kingdom	526,957	2,8
8	Brazil	479,321	2,5
9	Canada	416,031	2,2
10	China	276,303	1,5

Source: ICI as Dec. 2008

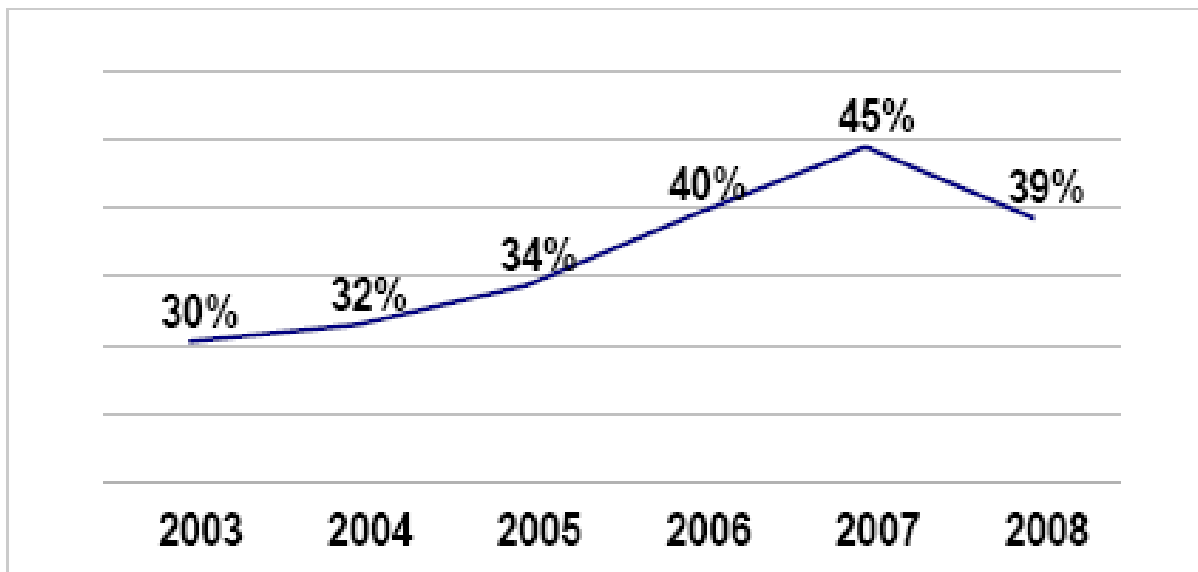
Market Evolution



Source: ANBID

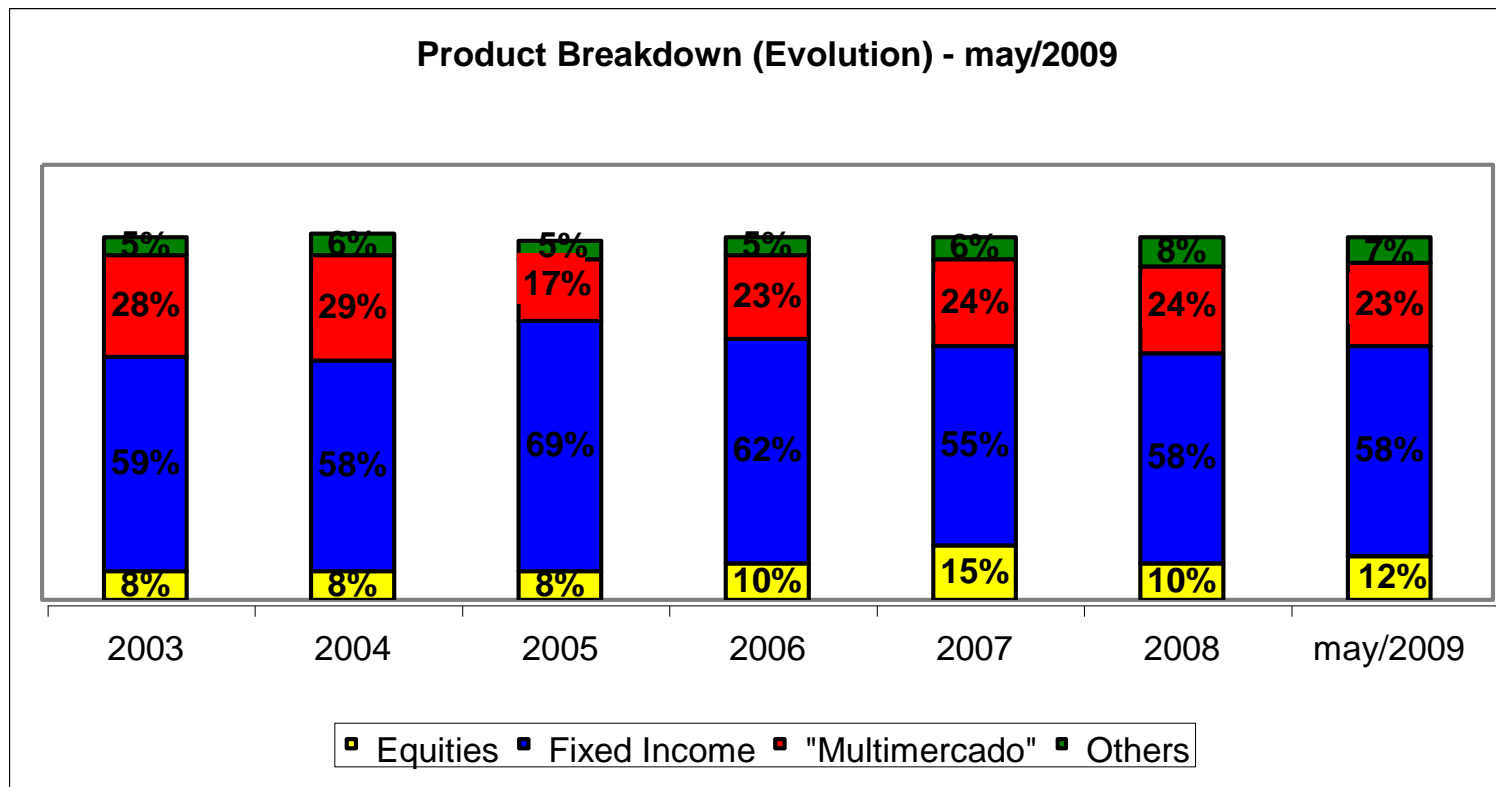
Brazilian Asset Management Industry

AUM / GDP



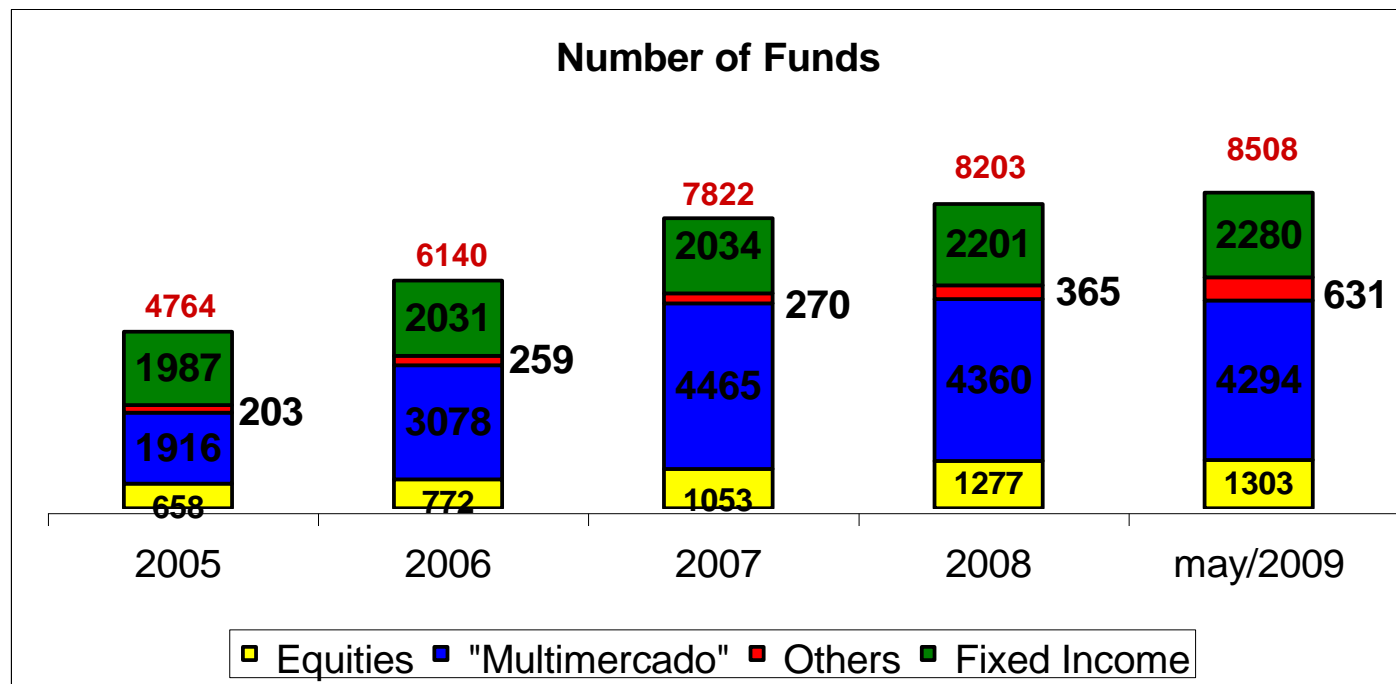
Source: ANBID

Product Breakdown



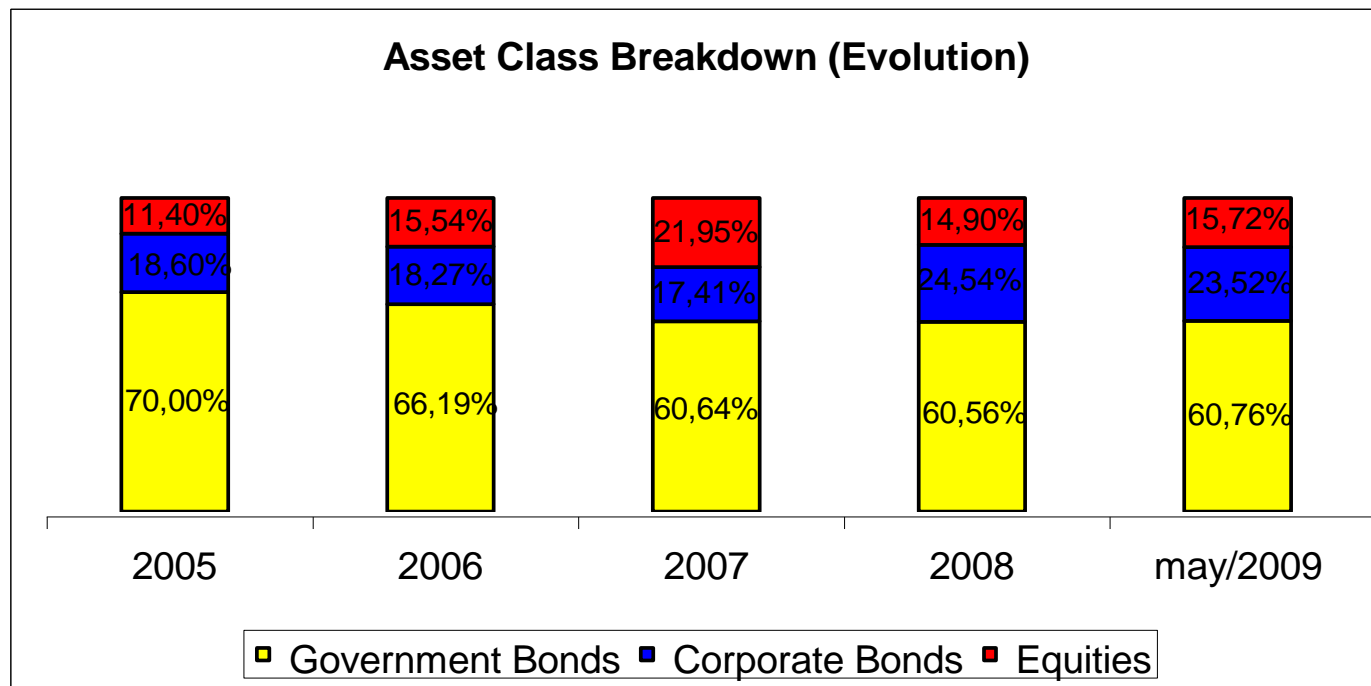
Source: ANBID

Market Evolution



Source: ANBID

Asset Class Breakdown (Evolution)



Source: ANBID

Investor Breakdown



AUM (million)	BRL	USD	part. (%)
Institucional	477.502,5	206.246,8	37
Retail and Private Banking	426.666,7	184.289,3	33
Corporate	163.602,0	70.664,3	13
Government	107.256,9	46.327,3	8
Others	74.770,2	32.295,3	6
Foreigner	58.273,7	25.170,0	4
Total	1.308.071,9	564.993,1	100

Source: ANBID

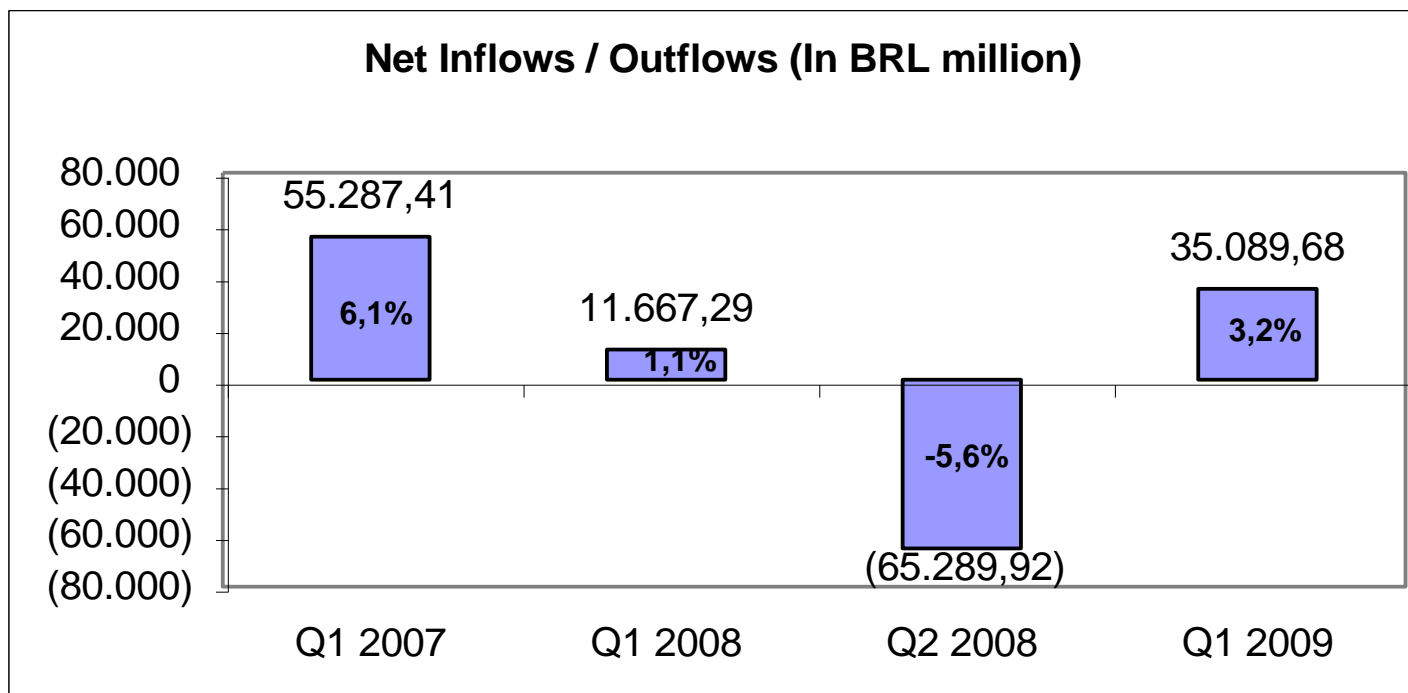
Brazilian Top 10 Players



Rank	Player	Country Origin	Ownership	AuM (BRL milion)	Market Share	Cumm. Market Share
1	BANCO DO BRASIL	Brazil	State owned	252.995,98	20,33%	20,33%
2	ITAU UNIBANCO	Brazil	Private owned	208.081,00	16,72%	37,05%
3	BRADESCO	Brazil	Private owned	134.518,34	10,81%	47,86%
4	BANCO SANTANDER	Spain	Private owned	94.314,69	7,58%	55,44%
5	CEF	Brazil	State owned	92.771,94	7,45%	62,89%
6	HSBC	England	Private owned	59.714,25	4,80%	67,69%
7	BEM	Brazil	Private owned	58.570,14	4,71%	72,40%
8	BNY MELLON ARX	USA	Private owned	57.139,00	4,59%	76,99%
9	UBS PACTUAL	Switzerland	Private owned	43.423,93	3,49%	80,48%
10	NOSSA CAIXA	Brazil	State owned	28.572,03	2,30%	82,78%

Source: ANBID

Net Inflows / Outflows



Source: ANBID

Net Inflows/Outflows



Category	In BRL Million
Fixed Income	20.709,18
Equities	(291,37)
"Multimercado"	(2.797,51)
Others	17.469,38

Source: ANBID

- **CVM - Brazilian Securities and Exchange Commission**

- Supervision and Regulation**

- ➡ All funds and service providers subject to registration and supervision by CVM
 - ➡ All trades must be executed or registered in regulated markets
 - ➡ Compulsory independent external auditing
 - ➡ Accounting standards set forth by law
 - ➡ Money laundering prevention policy and Know your Client
 - ➡ Suitability rules for intermediaries, asset managers and fund dealers

- Transparency**

- ➡ Funds must make available on CVM's website:
 - ➡ Investment policy
 - ➡ Prospectus
 - ➡ Daily performance
 - ➡ Portfolio breakdown
 - ➡ Announcements of material information

Best Practices



- **Regulatory reports to investors**

- ➡ Daily disclosure of public NAV
- ➡ Daily Mark-to-Market
- ➡ Mark-to-Market method registered at ANBID
- ➡ Real time payment system
- ➡ Proxy voting policy registered at ANBID
- ➡ Standard due-diligence questionnaire
- ➡ Leverage is made exclusively through derivatives instruments in open market, subject to systemic guarantees

	Major Characteristics	Success Drivers
Retail	<ul style="list-style-type: none">▪ Do not have open architecture▪ Client attached to provider	<ul style="list-style-type: none">▪ Number of branches▪ Adequate range of products
Private	<ul style="list-style-type: none">▪ Open architecture▪ Demand for sophisticated products▪ Presence of Independent Advisors	<ul style="list-style-type: none">▪ Performance▪ Adequate structure of asset allocation
Corporate	<ul style="list-style-type: none">▪ Plain vanilla products (cash and enhanced cash only)▪ AuM Concentrated in big banks▪ Price sensitive	<ul style="list-style-type: none">▪ Performance▪ High level of service (full bank service providers)▪ Importance of relationship
Institutional	<ul style="list-style-type: none">▪ Open architecture with in house specialists▪ High level of professionalism▪ Price sensitive	<ul style="list-style-type: none">▪ Performance▪ High level of service (asset management)

How to access Brazilian Market



Resolution 2.689

- National Monetary Council Resolution as of 26/January/2000,
- Allows foreign investors to access Brazilian financial & capital markets,
- Foreign investors will have access to equities, fixed income and derivatives in the same way local investors do.
- Income tax exemption for clients located outside low-tax jurisdictions

Operational Characteristics

- Foreign investors must appoint a Legal/Tax Representative and a Qualified Local Custodian, approved by Brazilian Central Bank and CVM (Brazilian SEC),
- Appointed institutions will be responsible for representative's obligations,
- F/X Transactions: mandatory registration of cash inflows/outflows at Brazilian Central Bank.

Usual Ways to invest in Brazilian Asset Management Industry



Advisory

To hire a Brazilian player as advisor to a fund constituted, managed and distributed by an international player

Responsibilities:



- Product Constitution
- Portfolio Management
- Distribution
- Advisory

Portfolio Management

To hire a Brazilian player as portfolio manager of a fund constituted and distributed by an international player

Responsibilities:



- Product Constitution
- Distribution
- Portfolio Management

Offshore Fund

To invest directly in a fund constituted, managed and distributed by a Brazilian player

Responsibilities:



- Product Constitution
- Distribution
- Portfolio Management