

BOGARI VALUE

Investor Letter 9, Quarter 1 2010 – Miscellaneous

Bogari Value FIA is an investment vehicle focused on equity investments in Brazilian public companies. The fund's objective is to provide its clients with long-term capital appreciation by investing in companies whose stocks are trading at a discount to intrinsic value.

Our Performance

In the first two months of 2010, Bogari Value's performance was 0.1%, against Ibovespa's -3.0%.

Since inception¹, our total return was +698%, compared to +66% for Ibovespa. During this period, our NAV per share appreciated to BRL 798 from BRL 100.

Annual Performance			
Year	Bogari	Ibovespa	Outperformance(%)
2010	0.1%	-3.0%	+3.1
2009	122.0%	82.7%	+39.3
2008 ⁽¹⁾	-20.1%	-41.2%	+21.1
2007 ⁽¹⁾	278.8%	43.7%	+235.2
2006 ⁽¹⁾	18.7%	11.4%	+7.3

Accumulated Since Inception			
Year	Bogari	Ibovespa	Outperformance(%)
2010	698.2%	66.5%	+631.6
2009	697.8%	71.8%	+626.0
2008 ⁽¹⁾	259.3%	-6.0%	+265.3
2007 ⁽¹⁾	349.6%	60.0%	+289.6
2006 ⁽¹⁾	18.7%	11.4%	+7.3

Portfolio Commentary

Hering, through appreciation, has become one of the largest positions in the portfolio. Even with its recent appreciation, we believe there is still good potential for the company.

Brazilian retail as a whole remained heated in 2009. Hering, in turn, continues to show growth rates well above the market. In 2009, the company achieved an annual growth of 39% in sales, mainly due to the maturing of the strategy developed for the Hering Store network, which had an annual growth of 51%, with same store sales of 27%.

Part of the growth is due to the remodeling of stores to a more visually attractive and efficient operation. The company estimates a 30% increase in store sales after conversion to

the new model. With almost 3/4 of the stores converted to this standard, the growth path is now turned to opening new stores.

The company's expansion plan for the next two years shows the potential for growth, with 42 stores expected to open in 2011 and 38 stores in 2012. With these openings, the average growth until 2012 will be 16% p.a. in the number of stores.

Even after this period of expansion, we believe that there is still enough potential in the growth of the company. One of the central points of Hering's business model is the franchise. Such a model allows a faster growth, since the investment in the store is "outsourced", not having a big restriction of capital to open new stores. In addition, the company has net cash, allowing it to take on more debt, if necessary, for new investments.

Demand for the company's products has been quite strong, even surpassing the company's projections at times. An example of this was the levels released at the end of 2009, which were low compared to other years, due to the great demand, partly unexpected, in the months of November and December.

One point of concern is the production capacity, because unlike other competitors, much of Hering's production is internal. The capacity of the Blumenau plant is almost totally occupied, however the company has been investing in outsourcing lower value-add parts of the process and some products. With this, production in its current shape should be able to sustain sales growth for some years.

In the coming months we should still have news with the new strategy for the children's market. The same study for the best use of the Hering brand made a few years ago is being developed for the brands PUC and Hering Kids. The maturation of this strategy still has to take some time, but it provides another avenue of growth for the company. In addition to this, we see as possible growth paths the internationalization of the brand (mainly in Latin America), store credit, still underexploited in the company and the development of the brand Dzarm, already repositioned and with good growth potential.

In short, we believe that the company has been executing its strategy very well, resulting in exceptional sales figures. In addition, it is carefully measuring its growth, providing a comfortable forecast of new stores. Although it is difficult to

¹ The vehicle was founded on 1 Nov 2006 as a private investment vehicle. On July 8, 2008 it was transformed into Bogari Value FIA.

estimate the growth of the company ahead, we believe that we should still see positive surprises in the future.

As we like to emphasize in our letters, we like to keep our portfolio adequately diversified. Our largest position is currently 8% of AUM and top 5 combined are around 38% of AUM. Our liquidity level is relatively high, holding a 25% cash-position and being able to liquidate almost 67% of our holdings in 2 days. We continue to hold good assets in our portfolio, with great prospects for the next few years. Additionally, we are positioned to take advantage of a potential market devaluation.

Miscellaneous

We are pleased to announce that two new professionals have joined our team in recent months. We believe that,

gradually, we are forming a first-rate team that will increasingly enhance our investment process.

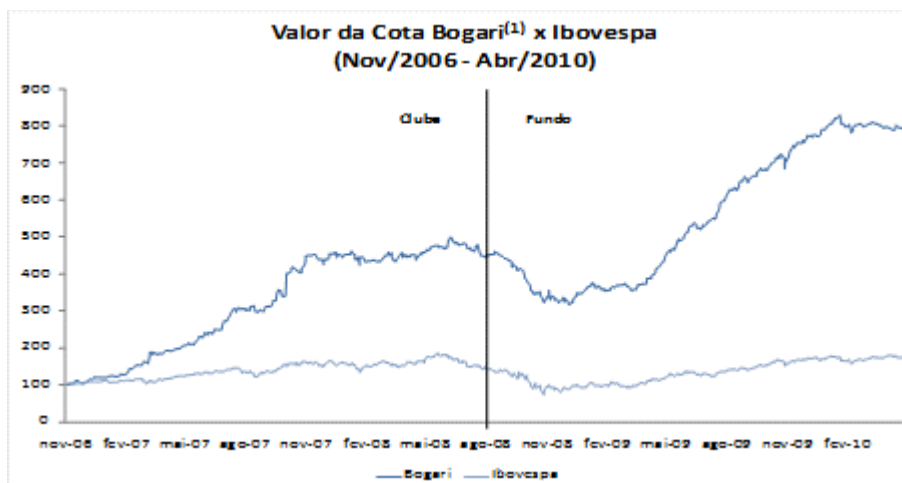
Érico joined the team to assist in the analysis of companies and in the management of the portfolio. He has in-depth experience in equity analysis, as well as a start of his career outside the financial market (in consulting) and a strong academic background.

Mauricio joined the team to manage the administrative and client relations area. He has experience in the area of control and has worked in the controlling department of large banks.

Thank you for your trust.

Monthly Returns (BRL – Net of Fees)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	Bogari	0.0%	0.0%											0.1%
	Ibov	-4.6%	1.7%											-3.0%
2009	Bogari	-1.2%	5.5%	-0.9%	21.3%	12.3%	5.1%	15.1%	7.3%	4.0%	3.0%	8.7%	4.2%	122.0%
	Ibov	4.7%	-2.8%	7.2%	15.6%	12.5%	-3.3%	6.4%	3.1%	8.9%	0.0%	8.9%	2.3%	82.7%
2008 ⁽¹⁾	Bogari	-3.6%	3.9%	-1.2%	3.1%	2.5%	2.2%	-7.3%	-0.8%	-12.9%	-13.0%	-0.6%	7.8%	-20.1%
	Ibov	-6.9%	6.7%	-4.0%	11.3%	7.0%	-10.4%	-8.5%	-6.4%	-11.0%	-24.8%	-1.8%	2.6%	-41.2%
2007 ⁽¹⁾	Bogari	9.4%	25.7%	14.4%	9.7%	16.3%	13.9%	11.3%	3.3%	8.8%	28.6%	0.6%	2.4%	278.8%
	Ibov	0.4%	-1.7%	4.4%	6.9%	6.8%	4.1%	-0.4%	0.8%	10.7%	8.0%	-3.5%	1.4%	43.7%
2006 ⁽¹⁾	Bogari											5.1%	12.9%	18.7%
	Ibov											5.0%	6.1%	11.4%



(1) Bogari Value was launched as a regulated private investment vehicle in November 1, 2006. In July 8, 2008, the vehicle was converted into Bogari Value FIA

Main Fund Characteristics (Brazilian Onshore Vehicle)

Administrator	BNY Mellon Serviços Financeiros DTVM S/A	Subscription	T+1
Manager	Bogari Gestão de Investimentos Ltda.	Redemption	T+30
Distributor	BNY Mellon Serviços Financeiros DTVM S/A	Settlement	T+33
Custodian	Banco Bradesco S.A.	Management Fee	2.175%
Auditor	KPMG Auditores Independentes	Performance Fee	20% over Ibovespa (w/ high watermark)
Minimum Investment	R\$ 50,000.00	Anbima Identifier	212962
Minimum Balance	R\$ 50,000.00	Classification	Equities Ibovespa
Minimum Transaction	R\$ 10,000.00	NAV	Close of Business Day

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In order to comply with applicable law, all investors must provide to the administrator copies of their identification documents prior to investing in the fund.



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