Report
Dynamo 39
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Ten Years

September 1, 2003 marked the tenth anniversary of operations of Dynamo Cougar FMIA-CL (hereinafter referred to as Cougar). A relatively uncommon age when compared to Brazil's young active population of equity funds. This feeling of maturity brought us a spirit of self-analysis and an urge to re-examine the past. If this intimate and egotistical exercise of talking about ourselves does not come naturally to us, self-criticism did not help at all. In an effort to dissuade us from this task, an inner voice began to whisper that this was just a case of "premature nostalgia", "futile regression gymnastics", "narcissistic brazenness", "exaggerated importance of such a short period of time". We ended up finding in the etymology the encouragement and motivation to follow our impulse: *decennium* and *decade* share the same Latin root as *decency* and *decorum*. There it was, our task was justified. After all, ten years are ten years!

Next stage: which method and metrics should we use to analyze this decade of history of Cougar, which is inseparable from that of Dynamo itself? In our search for answers, we fell victim to the force of habit. We are tied to the vice imposed by our activity that requires us to follow one basic rule: never overstep our limits. Then came the insight: to look at us with the same eyes we look at others. Let us examine Cougar through Dynamo's eyes, analyzing the fundamentals that could justify (or not) the decision to invest in this fund. When subjected to its own analytical criteria, would Dynamo be a wise investment choice?

It would be folly to promise impartiality in dealing with a task so mixed with stories of passion and interests. Having said that, we can guarantee objectivity and the maximum possible exemption in the conclusions that we hope, so much, will be positive. But if even this disclaimer does not allay our readers' skepticism, we would still ask you to carry on reading. Remember, this is not our typical report. It is a celebration-report, a ludic license that may conceal an unconscious urge to transgress years of discipline. We will subvert the order, transforming Dynamo-Company into the Company-Object. No longer students, we shall be the study topic.

The object (Dynamo) will be analyzed in the classic sequence we apply to study other objects (that is, the companies in which we invest): Results / Track-record, The Sector, the Company, Shareholders, Corporate Culture, Management, Grassroots/Client Research.

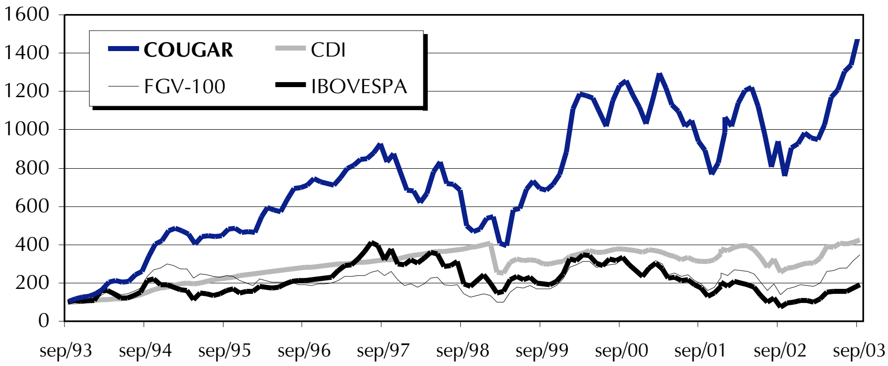
Results / Track-record

Age and size are the credentials that qualify a fund for an analysis with a minimum of consistency. Cougar celebrated its tenth anniversary with net assets of R$251,5 million[1]. During this period, it went through a variety of investment cases, as well as through a wide range of economic scenarios, some of which highly negative[2].

Since its inception, the nominal return of Cougar was 129,921%, or 1,358% when discounted by the *IGP-M* (General Price Index), or, still, 1,454% in US dollars. The annual compounded return was 30.4% in *IGP-M*, 30.3% in US dollars (or 23.4% over the *IBOVESPA* and 13.9% over the *CDI*, overnight rate equivalent to Fed Funds). Cougar beat all indices and indicators by a wide margin. Also, we do not know any other equity fund that achieved a comparable performance in the same period. A US$ 10,000 investment made in September-1993 when Cougar was started, would become US$ 155,400 in September-2003, as shown in the chart below.

We know only too well that companies present their results following a standard format frequently adapting it to suit their convenience. There will always be a particular period where any fund can show a favorable statistic. It is part of our routine to scrutinize numbers presented by companies trying to find different angles, filtering the relevant data. The above performance data format conforms to the manner in which fund results are almost always presented

Chart 1 – Dynamo Cougar[3] accumulated return in US dollars (Base 100)



This report has been prepared for information purposes only and it is not intended to be an offer for sale or purchase of any class of shares of Dynamo Cougar, or any other securities. All our opinions and forecasts may change without notice. Past performance is no guarantee of future performance.

(1) *For the purposes of the present analysis, we refer exclusively to data as of September 30, 2003, thereby covering the ten years and one month (121 months) elapsed since the fund's inception.*
(2) *Throughout its existence, Cougar had to contend with one stabilization plan, four critical external crises (Mexico, Asia, Russia, and Argentina) and two major local currency devaluations.*
(3) *The IBX index came into existence after Cougar was founded. Hence, its exclusion from this chart.*

to the public. With the advantage of our unrestricted access to data on the company under analysis, we are able to suggest more precise approaches.

Our reader should note that chart 1 shows the accumulated return of Cougar since its inception. Hence, it reflects mainly the return obtained by investors who bought quotas on September 1st, 1993. So, in fact, this powerful arithmetic belongs only to a handful of fortunate individuals. What was the performance for other periods? What was the actual performance of each investor in the fund?

First, by dividing chart 1 into shorter periods of time, we would already obtain additional information for the same database.

In chart 2, we can see that the performance of Cougar surpassed the chosen indicators for all the periods considered. Still, even if this approach adds relevant information to the "first day chart", it falls far from answering many relevant questions. As investors, looking at a long series of data, we appreciate learning the probability – given my decision to invest on a randomly chosen day – we should apply to obtaining a minimum level of return. In other words, if we pick any particular day within the period the fund has been operating, what would be the expected return on such investment to date?

Charts 3 and 4 answer these questions. In the first one, we see the annual return in *IGP-M* for each day in the fund's existence. In other words, Chart 3 shows the annualized return obtained by an investor who bought shares, for example, on December 19, 1995 (*IGP-M* + 20.8% *per annum*) or, say, on October 8, 1998 (*IGP-M* + 34.7% *per annum*) and did not redeem his investment[4].

The average annualized return was *IGP-M* + 18.9%. Readers should note that this return is lower than the one obtained by investors on the fund's first day of operations (*IGP-M* + 30.4%). However, it should also be noted that, if the probability of an investor who did not come in on the first day obtaining a performance equal to or greater than the "inception return", was only 3.5%, the Chart show us that the probability of any investor obtaining a return greater

Chart 2 – Annualized Return in IGP-M (up to september 30, 2003)

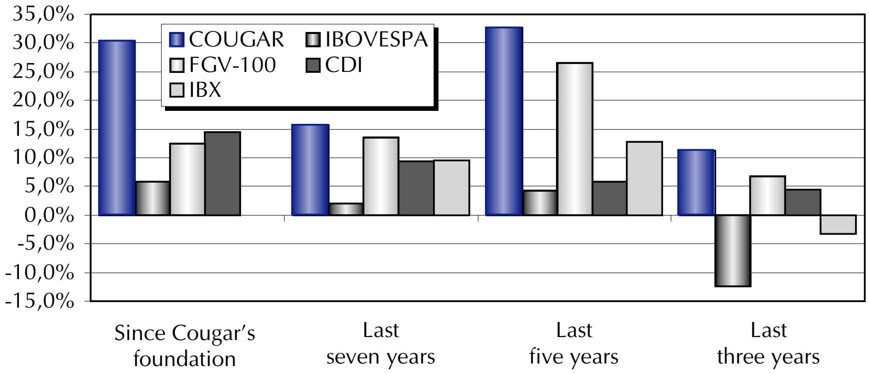


Chart 3 – Cougar X Ibovespa (in IGP-M)

Annual return obtained on investments made on any day during Cougar's existence through september 30, 2003

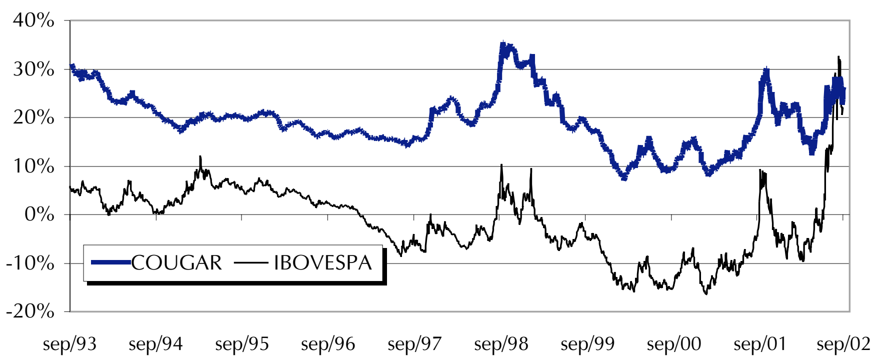
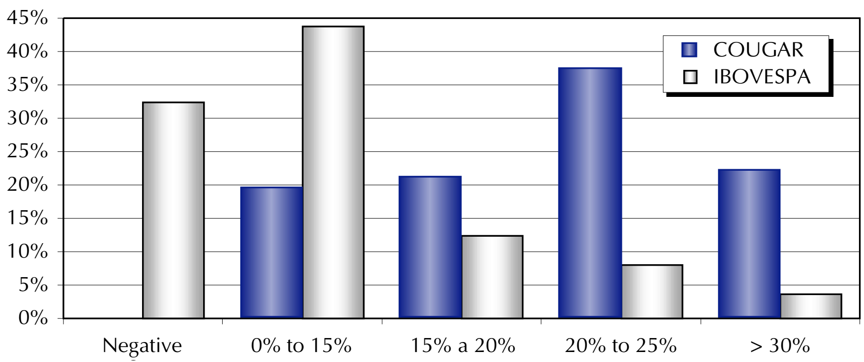


Chart 4 – Frequency of returns in IGP-M per annum *in five-year investments*



than *IGP-M* + 15% *p.a.* in Cougar was 73.1% and greater than *IGP-M* + 7% *p.a.*, of 100%. Merely as a reference, for these same levels of return – greater than *IGP-M* + 15% *p.a.* and *IGP-M* + 7% *p.a.*, the probability of the success of an investment in the *Ibovespa* index was only 1.2% and 6.9%, respectively. Throughout almost the entire existence of the fund, Cougar investors have obtained results superior to *Ibovespa*, the average annualized difference being around 20 percentage points. It is interesting to observe that the probability of returns lower than *IGP-M* + 10% *p.a.* at Cougar, was only 6.5% and concentrated in a relatively short and recent period of time, mainly due to the *IGP-M* surge in 2002. For this level of return, lower than *IGP-M* + 10% *p.a.*, the same probability for the Ibovespa was 96.6%.

On the other hand, not all investors in Cougar are still in the fund today. It would be interesting to calculate what would have been the returns of those who remained in the fund for a given period of time, say, five years, a period we deem appropriate for an analysis of results. In an attempt to make these numbers more intelligible, we have

(4) *We have excluded investments made less than a year ago, i.e., subsequent to September 2002, from this Table, in order to avoid the distortions caused by annualization of results.*

grouped the results under intervals of frequency (Chart 4).

In other words, 80.5% of the theoretical investments in Cougar during any five-year period, resulted in a return greater than *IGP-M* + 15% *p.a.* as compared with *Ibovespa's* 23.9%.

Let us refine even more our analysis and examine the actual performance of each fund investor or, more specifically, of each actual investment in the fund. In other words, instead of considering a subscription date or a investment period at random (charts 3 and 4), we have identified each and every investment made in Cougar prior to September 30, 2002[5] - which had not been redeemed on Sept 30, 2003 – and analyzed their returns separately in relation to the *benchmark du jour*, the *CDI*. We obtained the following results: 100% of these investments obtained a return greater than the *CDI* and 41.2% above *CDI* + 10% *p.a.* Had these investors opted for an investment in the Ibovespa index, only 13.1% of them would have obtained a return greater than the *CDI* and 9.4% above the *CDI* + 10% *p. a.*

By now, the reader could be questioning the absence of any mention of other equity funds. Not only are direct comparisons somewhat awkward, but we also find it difficult to select funds with investment objectives comparable to those of Cougar and that have been active in the market for a reasonable period of time. It must be borne in mind that our industry is still quite young and is likely to continue to be so since funds with bad track records are usually closed, liquidated or incorporated into other better performing funds in a process of, sometimes, natural, sometimes, artificial selection. In any case, regardless of the type of fund or how long it has been operating, it is hard to obtain the necessary data to perform the kinds of exercises and analysis shown above particularly, in the case of the longer periods we are examining. In view of these problems, we opted for a more detailed, introspective, and exclusive analysis of Cougar.

In our opinion, it is reasonable to conclude that Cougar's results have withstood a more rigorous scrutiny, as they seem consistent over time and outperform the usual benchmarks. We encourage our more meticulous readers to apply their own creative approaches to analyze the fund and, for that purpose, would recommend the use of the "interactive performance" tool available in our website[6].

The Sector

Our investment analysis process is mostly bottom-up, that is, the reasons backing an investment decision are ultimately determined by the fundamentals of companies. However, sector considerations and, at times, the macroeconomic scenarios must be taken into account as ancillary factors. As such, it is useful to evaluate the perspectives of the sector or, more specifically, the segment of business in which Dynamo is involved – the Brazilian equity market. We shall be brief since the reader who follows our quarterly reports is fully aware of our opinion on this topic.

In the retail for sector projections, we find a wide spectrum of opinions about the perspectives of the Brazilian capital markets. There are the long-term skeptics who believe that the cost of capital in Brazil will never be competitive in an environment of global financial markets. As part of their practical evidence for this outlook, they cite the drop in the number of listed companies in the *Bovespa*. At the opposite end of the pole, the more optimistic observers see a historic opportunity for the growth of the local capital markets. The investment model based on state funding is wearing out just as interest rates seem to be going structurally down, which opens up the possibility for the reversal of the crowding out effect of private savings.

Over the last few years, some new factors have appeared in the general scenario, relating both to demand and supply. Today, we live in an environment of a stable currency, a private property culture, and a consolidated democracy. Brazil's Corporate Law has been upgraded, corporate governance is an increasingly common practice among shareholders, and a new legislation for bankruptcies seems to be almost ready. Moreover, in an open competitive environment, companies must invest. Financing capacity for a new cycle of expansion offers few options. Self-financing is limited, the public budget is fully stretched, and foreign funding seems insufficient, at least in the appropriate scale and horizon. Everything points to the conclusion that this role will played by the capital markets. Furthermore, the percentage of equity exposure in the total of amount of domestic savings is still very low.

On the other hand, some desirable elements that could become catalysts for the development of the markets remain elusive. In the microeconomic field, for example, we could have a corporate culture less risk-averse, a more effective enforcement of contracts, and lower transaction costs. In the macroeconomic sphere, we could have a more circumspect *CDI*.[7].

Nevertheless, the overall business environment cannot be regarded as worse than it was in 1993, when Dynamo was founded, when inflation raged at around 30% per month. Since then, the stock market capitalization as a percentage of GDP went from 22.7% to 33.1% and the annual volume traded at *Bovespa,* also as a percentage of GDP, increased from 8.8% to 10.5%[8]. Although positive, these figures are not overwhelming and there is potential for future improvement.

All indicators suggest that the scenario for the equity market in Brazil should improve gradually. On a pessimistic hypothesis, we should expect a context for the sector similar to that of the last ten years. But, even in this environment, Dynamo showed good results, being able to take advantage of the opportunities in a tough, sometimes adverse, market condition. Our expectations should converge to a maintenance of the historic performance with an upside possibility should the combination of growth financed via capital markets be confirmed.

The company

An analysis of a company becomes an investment opportunity whenever we

(5) *We have excluded the more recent investments (made less than a year ago) in order to avoid the distortion that would be caused when we annualized the results.*

(6) *This device provides the return of Cougar for any period desired, in addition to other stock market indices (IGP-M, IBX, FGV-100) and economic indicators (US dollar, CDI, IGP-M). Just select the dates and combine the variables to obtain performance data for the respective period.*

(7) *In Dynamo Report 26, we discussed the negative impact of historically high interest rates on the decision to allocate funds to assets with lower liquidity.*

(8) *Source: Desafios e Oportunidades para o Mercado de Capitais ("Capital Market Challenges and Opportunities"), MB Associados, Estudos Series, published by Bovespa, June 2000.*

identify its competitive advantages and conclude that they can last a long time. In the industry of equity funds, we have identified three factors that, jointly, create an edge for a successful firm:

i) Investment strategy (if it is well defined, consistent, successful);
ii) The discipline to pursue the strategy without diversions;
iii) The capacity to execute the strategy.

Let us briefly examine Dynamo in this context. Its investment strategy can be summarized in a couple of lines: analysis based on fundamentals, oriented to identifying the intrinsic value of the business, with a medium and long-term investment horizon.

Under this investment focus, discipline is paramount. The active choice of companies requires patience, persistence, and a certain capacity for abstraction from endemic market trends. Remaining on track when the majority of investors are following alternative paths requires discipline and focus. Cyclical sector fads, inexplicable liquidity flows, groundless euphoria or pessimism are but a few of Mr. Market's seductions and neuroses. Cougar has never strayed from its original investment strategy. Neither a contrarian nor a follower, throughout these ten years, Dynamo has steered steadily in the direction of companies' fundamentals.

Then there is the third item. The capacity to execute is the leaven that creates productivity out of discipline and transforms strategy into returns. Capacity can be likened to a DNA pushed by hard work and study. At Dynamo, the philosophy behind the asset management activity is work-intensive. It involves the constant selection and analysis of investments and an ostensible monitoring of the assets. The productive process is always submitted to an effective quality control, where all premises are continuously tested. The work consists of seeking information from all possible sources regardless of how far from the companies they might be and they include customers, suppliers, consumers, professional associations, audit report footnotes, etc. The study should transform the information into knowledge, and permit the company to achieve a technological comparative advantage [9].

It is interesting to note that, given the fact that knowledge is Dynamo's main productive factor, the passage of time does not lead to depreciation. Quite to the contrary, if study is intermittent and well guided, time is an ally and produces a competitive advantage. Each year, the intelligence on companies and businesses deepens and the network expands, not to mention the experience acquired on past mistakes. In summary, Dynamo today seems to be better equipped than it was ten years ago.

Shareholders

Another essential aspect of Dynamo's investment process is the examination of the dynamics of shareholder interaction. It involves the study of the relevant corporate documents (statutes, agreements, contracts, etc.), as well as the monitoring of corporate practices, both of which seek to identify the company's structure for the alignment of interests, which can be looked into from two angles: i) between the shareholders themselves; and ii) between management and the shareholders.

In the context of inter-shareholder relations, the reading of the articles of association of Dynamo Administração de Recursos Ltda, leads us to conclude that Dynamo is a de facto partnership where decisions are shared by the partners.

In the context of the relationship between management and shareholders, the relevant document to be analyzed is the Articles of Incorporation of Cougar. Here, a couple of less orthodox clauses are noteworthy and highlight an spirit of fairness [10]. For example, the Liquidity penalty (payable by investors who redeem their shares within less than ninety days of the respective investment) reverts to the fund benefiting all the remaining investors and not the fund manager. Similarly, there is the provision whereby, if the net worth turns negative, the fund managers and not the investors will cover the shortfall. More important than the fund's bylaws are the actual fund practices. In this case, we also identify a few more clauses that illustrate the "liberality" of the fund managers: the fund has never reset its high-water mark (the basis for charging the success fee), despite having endured two long periods (2.6 years in 1997/98 and 3.5 years in 2000/03) without charging such fee. Even more importantly, in 2000, the managers decided to alter the fund's benchmark for performance from *IGP-M* to *IGP-M + 6% p.a*. This decision went mostly unnoticed but, since then, it has significantly impacted the return achieved by investors.

Other aspects of the company reinforce the structure for the alignment of interests: a substantial portion of the net worth of the partners of Dynamo is invested in the fund; the remuneration of the fund manager is variable and dependent upon the performance of the funds; and neither the company nor the individuals have any other relevant activity or source of revenue but the management of the fund. In our best judgment, the contracts seem in line with the interests of investors and are ratified by management practices.

Corporate Culture

Corporate culture is a fundamental element in the life of a company. It can determine the direction of operational results or even whether it will succeed or fail in the long run.

In financial institutions, particularly investment banks, the dominant culture is to encourage individual competitiveness. In many cases, the basic premise is that, by doing so, companies will, depending upon the endurance of each employee, derive the maximum *per capita* efficiency. The problem with this model is that part of the energy expended by each individual/competitor addresses the production of the "cake" to be shared, and part in the internal dispute over this distribution. At the limit, each soldier is simultaneously fighting two battles. Nevertheless, there is no doubt that this system has been producing excellent financial results for these banks, which, on average, also provide good services. However, there can also be some considerable distress, as described in the passage transcribed below. It is the

(9) *The process of transforming information into knowledge is no trivial task, one that contains a number of hidden traps. One of them is the noise that irrelevant information can wreak on an analysis. Several recent studies discuss this particular topic, an example being K. Chinander's and M. Schweitzer's "The input bias: The misuse of input information in judgments of outcomes" in Organizational Behavior and Human Decision Processes 91 (2003) 243-253.*

(10) *Although a little ambiguous, in our case, this term means justice, as interpreted by John Rawls in his Justice as Fairness: A Restatement, Harvard University Press, 2002, ed. Erin Kelly*

personal account of a graduate employee of a major US investment bank. Were it not so disturbingly true, it would be funny.

"The place (i.e., the bank in question) was disgusting and unpleasant and rapacious. On the other hand, despite the poor year, we still had been paid a fortune. Was it worth it? Were we that greedy? These were the prevailing questions of our time. Until recently the answers clearly had been yes, yes, yes. Now I wasn't so sure. I asked the other salesmen if they shared my mixed feelings and was surprised to discover that most did. However, they insisted that the money was worth it, maintaining that the love of money was not the root of any evil at all. Out of curiosity, I asked everyone what other jobs they would be willing to take instead of their current job at The Bank if the pay remained the same. The answers were extraordinary. For the same pay, I asked, would you rather work at a summer construction job on the Long Island Railroad or at the Bank? Everyone agreed, without question, construction on the LIRR. Would you rather work at McDonalds or at the Bank? For the same pay, McDonalds without any doubt. Mowing lawns or the Bank? Definitely lawns. Shoveling manure or Bank? Manure sounded pretty good to everyone. Prostitution? Sign us up. Ditch digging? Sure. Sewer repair? No problem."

Today, there is no lack of empirical evidence[11] that cooperative tactics generate higher pay-offs. In other words, collaborative strategies produce more efficient collective results than the sum of "egoistical" decisions. However, reaching a collective solution is no easy task when the individual agents are rational (when they are not, we must assume a defect in the recruiting process). If we collaborate with someone, we lose the opportunity to act alone and have the entire cake to ourselves. If everyone were to think in this way, it is obvious that there would be no optimum result. A number of goals that could be attained by a group effort are placed at risk by an excess of individualism, which is stimulated by the remuneration/prestige in the workplace. The larger the group of people, the greater the problem.

But, let us go back to Dynamo. How does the company act? Apparently, in a way that is the exact opposite to the one described above. The culture is geared towards collective action where the free-rider problem does not surface because the firm has few people. Dynamo's competition is external (the market) and internal (a personal effort to excel). The in-house environment is one of cooperation, where tasks are shared and results added together. Profit sharing percentages are not based on isolated events but on the contribution of each one over a longer period of time, *pari passu* to the reputation of the company itself.

If culture is the atmosphere of the work environment, ethics are its oxygen of the company. Complying with legislative requirements and fulfillment of contracts are basic legal obligations. Ethics reach areas inaccessible to the law: unregulated doubts, non-contracted interpretations, ambiguities of the fine print, etc. It is in these areas that other judgment criteria are needed, ones that transcend the opportunistic logic of business. Good faith is a vital factor. In Dynamo, there are clear signs that what prevails is the respect to people and to the integrity of the courts of each one's individual conscience. It has been said that, at Dynamo, no decision has ever been taken that has caused the personal unease or moral dilemma of any one of the partners involved, regardless of his hierarchic position in the firm. The soundness of this criteria is regularly tested by the testimony of Dynamo's clients, counterparties and service providers regarding the company's ethical standing. To date, this feedback has been highly satisfactory.

Where the air is pure, physical exercise becomes propitious. A common trace within the people working at Dynamo is an intense physical activity, a habit usually acquired early in life the staff. As participating athletes, they find additional metaphors for other aspects of this culture: the competitiveness, evident in their intense drive to win all the time, that is, the renewed motivation to beat their own records; the fair play, i.e., winning by obeying the rules and respecting the adversary and the referee; the desire to be in the team (Dynamo's staff turnover has always been almost inexistent); the pleasure of playing for the team and not for the crowds or for the press (low profile).

If a company's by-laws are its genetic code, culture is its temperament, its way of being. And the culture of a company reflects the values, principles, and conduct of its members. Warren Buffett used to say that "our attitude [towards investments] fits our personalities and the way we want to live our lives[12]". Dynamo's culture seems appropriate to its objectives as a company and to the life style of its partners. This is possibly one of the reasons why the company has been successful and why the people who work there claim to have the privilege of, as Buffett used to say with regard to Berkshire Hathaway, "of going to work every morning tapping and dancing".

Management

It is essential to evaluate the technical capacity, moral integrity, and managerial competence of the company's management. There is no doubt that administration is the soul of a business (at least when the business has a soul). On one occasion, during a Berkshire Hathaway annual meeting, Warren Buffett – forgive us, him again – told the participants that shareholders used to ask what would become of the company if he were run over by a truck. With his usual good humor and presence of mind, Buffett replied that he was delighted to be asked such question. What would be really bad was if he was asked what would happen if a truck did not run him over[13]. Buffett knows only too well the problems bad management can cause to a long-term investor.

Doing an analysis of Dynamo's management by its administrators would be stretching a bit too far the ludic spirit which we permitted ourselves due to the satisfaction with the last ten years. We do not feel capable of doing it. We prefer to suspend any judgment and pass this task on to our readers. One important warning for investors: we do not have the habit of walking around distractedly. Statistically, the like-

(11) *See Robert Axelrod, The Evolution of Cooperation, New York, Basic Books, 1984.*
(12) *Berkshire Hathaway, Annual Report, 1987, p. 15.*
(13) *Quoted in The Essays of Warren Buffett: Lessons for Corporate America, Lawrence Cunningham, Paperback, 2001.*

lihood of our running into a truck is probably very remote. Nevertheless, we recommend a rigorous analysis.

Grassroots

Modern day business organizations have ceased to be defined strictly in terms of their in-house productive relations to become a "complex adaptive system[14]", a dynamic reality of relationships with external agents and of interaction with the community. The global environment has demolished protection, hitted the confinement of monopolies, and imposed the new competitive order of efficiency in the production chain and of consumer imperative. Companies now must look outward and be alert to vital market life signs. Analysis techniques must rigorously adapt to the dynamism of this movement or risk obsolescence.

Grassroots research is the broader scope analysis, compatible with these new circumstances, since it seeks the "roots" of information vital to the investment decision process. It involves expanding the range of the study to include the investigation of the periphery of a company's business relations: customers, suppliers, consumers, partners, competition, associations, syndicates, etc. It is an extensive work and consumes considerable time, but it also represents an invaluable edge. Furthermore, it requires a specific methodology that improves with experience, otherwise there will be more information than knowledge.

In the search of grassroots for the fundamentals of a company, clients are almost always the first characters to be considered. In the specific case of Cougar, an analysis of the profile of its clients is extremely relevant given the long-term investment horizon of the fund vis a vis the redemption schedule (four business days). Dynamo has always enjoyed the privilege of having patient investors, in tune with both our strategy and the expected time for the return of investments[15]. But, why are we discussing Dynamo's investors? The truth of the matter is that we get confused with the being and not being of this *auto-ma-non-troppo* analysis. The true grassroots path is the opposite: it is not the company's analysis of its clients, but the clients' opinion of the company. Hence, this report must end inconclusively. As such, dear investors, the last word lies with you.

Rio de Janeiro, november 11, 2003.

(14) *Definition given by Robert Monks in The Emperor's Nightingale, Capestone, 1998.*

(15) *To all of you, our sincere gratitude.*

Dynamo Cougar x Ibovespa x FGV-100
(in US$ dollars)

Period	DYNAMO COUGAR* Quarter	DYNAMO COUGAR* Year to Date	DYNAMO COUGAR* Since 01/09/93	FGV-100** Quarter	FGV-100** Year to Date	FGV-100** Since 01/09/93	IBOVESPA*** Quarter	IBOVESPA*** Year to Date	IBOVESPA*** Since 01/09/93
1993	-	38,78	38,78	-	9,07	9,07	-	11,12	11,12
1994	-	245,55	379,54	-	165,25	189,30	-	58,59	76,22
1995	-	-3,62	362,20	-	-35,06	87,87	-	-13,48	52,47
1996	-	53,56	609,75	-	6,62	100,30	-	53,19	133,57
1997	-	-6,20	565,50	-	-4,10	92,00	-	34,40	213,80
1998	-	-19,14	438,13	-	-31,49	31,54	-	-38,4	93,27
1999	-	104,64	1001,24	-	116,46	184,73	-	69,49	227,58
2000	-	3,02	1034,53	-7,69	-2,63	177,23	-10,45	-18,08	168,33
1st Quar/01	-0,98	-0,98	1023,40	-10,06	-10,06	149,33	-16,00	-16,00	125,39
2nd Quar/01	-6,15	-7,07	954,28	-1,76	-11,64	144,95	-3,73	-19,14	116,97
3rd Quar/01	-27,25	-32,40	666,97	-33,81	-41,52	62,12	-36,93	-49,00	36,84
4th Quar/01	38,52	-6,36	962,40	55,88	-8,84	152,71	49,07	-23,98	103,99
1st Quar/02	13,05	13,05	1101,05	3,89	3,89	162,55	-2,76	-2,76	98,35
2nd Quar/02	-19,15	-8,60	871,04	-22,45	-19,43	103,60	-31,62	-33,51	35,63
3rd Quar/02	-22,31	-28,99	654,37	-31,78	-45,04	38,90	-44,17	-62,88	-24,28
4th Quar/02	29,76	-7,86	878,90	38,00	-24,15	91,67	45,43	-46,01	10,12
1st Quar/03	4,47	4,47	922,65	4,63	4,63	100,55	5,39	5,39	16,06
2nd Quar/03	27,29	32,98	1201,73	38,16	44,55	177,07	34,33	41,58	55,91
3rd Quar/03	19,37	58,73	1453,83	24,72	80,29	245,56	22,34	73,20	90,74

(*) The Dynamo Cougar Fund figures are audited by KPMG and returns net of all costs and fees, except for Adjustment of Performance Fee, if due.
(**) Index that includes 100 companies, but excludes banks and state-owned companies. (***) Ibovespa average.

For any further information, visit our web site:

www.dynamo.com.br

DYNAMO

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