

**Previ Novartis**

**1- Macroeconomic Overview**

**The FED minute represented a highlight during the month with the rise of interest rates and the strengthening of an optimistic view on the American economy; in Brazil, the local market suffered the effects of the truck drivers strike and the uncertainties of the external scenario**

**International**

- Data from the US economy were higher than expected, corroborating the scenario of GDP acceleration in the second half. Growth above potential is expected in 2018 and 2019
- The risk of a trade war continues to impact the market and to increase the volatility of assets. New tariffs for Chinese products were announced by US Government, with the corresponding counterpart of the same magnitude announced by China. Focus continues in China, but discussions have already emerged involving tariffs on cars that would impact, among others, the European Union and Japan
- Political risk in the Euro Zone also contributed to the pessimism in the month of June. In the meanwhile, data came out marginally better and signaled a stronger second half. The European Central Bank indicated interest stability until 2019 and signaled the end of the bond purchase program
- In China, the government continues with expansionary stance, injecting liquidity in the economy, which can positively impact the Chinese economy in the second half. Trade war with US continues as main risk

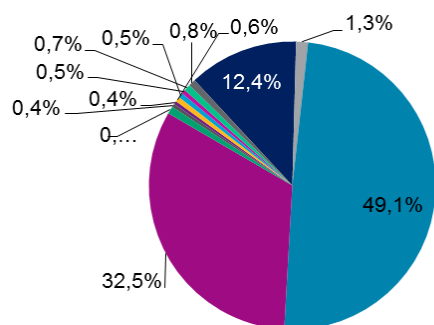
**Brazil**

- The high volatility in the Brazilian market has as main factors the global reduction of risk appetite and the uncertain electoral scenario
- Activity data show a sharp decline in the economy. Part of this effect should be reversed, however the market continues to review its activity indexes downwards for 2018
- The truck drivers strike in May significantly distorted economic indicators in June, worsening consumer and industry appraisalment
- Prices rose in May and June, but inflation is expected to normalize in the months of July and August. The drop in the confidence level of the economy should have a more permanent recessive effect
- With less time to meet fiscal targets due to government measures and weaker activity, we will have a more challenging scenario in the medium and long term
- The COPOM decided to keep the interest rate stable. Even with the exchange rate depreciation, we will have slack in the closing of the hiatus and favorable inflation in 2019, which should allow the Central Bank to keep this rate stable and low in the short term

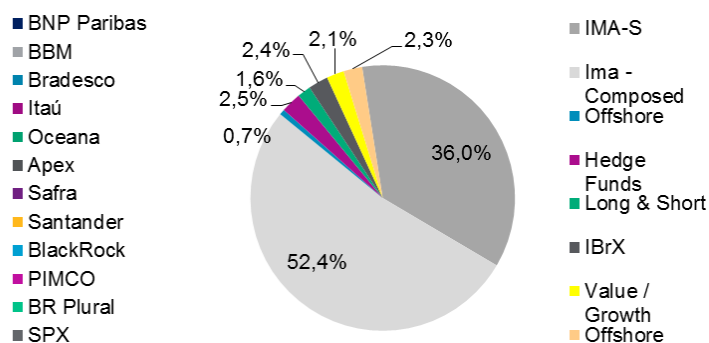
	2012	2013	2014	2015	2016	2017	2018 (f)
Real GDP growth	1,9%	3,0%	0,5%	-3,5%	-3,5%	1,0%	1,5%
Unemployment rate (PNADC) -avg.	n.a.	7,2%	6,8%	8,5%	11,5%	12,8%	12,4%
Consumer Price inflation (IPCA)	5,8%	5,9%	6,4%	10,7%	6,3%	2,9%	4,1%
Interest rate (Selic) - eop	7,25%	10,0%	11,75%	14,25%	13,75%	7,0%	6,50%
Exchange Rate (BRL/USD) - eop	2,04	2,35	2,66	3,90	3,26	3,31	3,70
Trade Balance (USD bn)	17,3	0,3	-6,5	17,7	47,7	67,0	65,0
Current Account (USD bn)	-74,1	-74,8	-103,6	-58,9	-23,5	-9,8	-20,0
Foreign Direct Investment (USD bn)	65,3	64,0	96,9	75,1	78,9	70,0	70,0
Primary fiscal result (% GDP)	2,4%	1,9%	-0,6%	-1,9%	-2,5%	-1,7%	-2,1%
Gross public sector debt (% GDP)	53,8%	51,7%	56,3%	65,5%	69,9%	74,0%	76,1%

## 2- Investment Portfolio – by manager and asset class

Asset Manager & Funds	Fixed Income				Structured		Equities			Total	
	ALM	IMA-S	Ima - Composed	Offshore	Hedge Funds	Long & Short	IBrX	Value / Growth	Offshore	\$	%
BNP Paribas	-	130,2	-	-	-	-	-	-	-	130,2	12,4%
BBM	-	-	-	-	6,1	-	-	8,0	-	14,2	1,3%
Bradesco	312,0	-	194,4	-	-	-	11,4	-	-	517,7	49,1%
Itaú	-	136,5	194,3	-	-	-	-	-	11,2	342,0	32,5%
Oceana	-	-	-	-	-	2,3	6,7	-	-	8,9	0,8%
Apex	-	-	-	-	-	3,9	-	-	-	3,9	0,4%
Safra	-	-	-	-	3,9	-	-	-	-	3,9	0,4%
Santander	-	-	-	-	-	5,9	-	-	-	5,9	0,6%
BlackRock	-	-	-	-	-	-	-	-	5,7	5,7	0,5%
PIMCO	-	-	-	4,9	-	-	-	-	-	4,9	0,5%
BR Plural	-	-	-	-	-	-	-	7,8	-	7,8	0,7%
SPX	-	-	-	-	8,4	-	-	-	-	8,4	0,8%
<b>Total</b>	<b>312,0</b>	<b>266,7</b>	<b>388,7</b>	<b>4,9</b>	<b>18,4</b>	<b>12,1</b>	<b>18,0</b>	<b>15,8</b>	<b>16,9</b>	<b>1.054</b>	<b>100%</b>



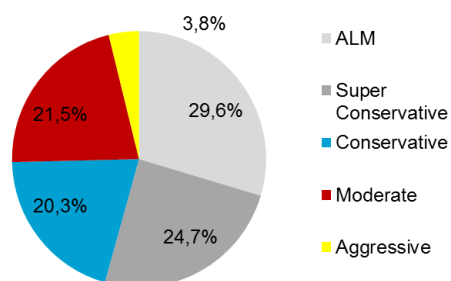
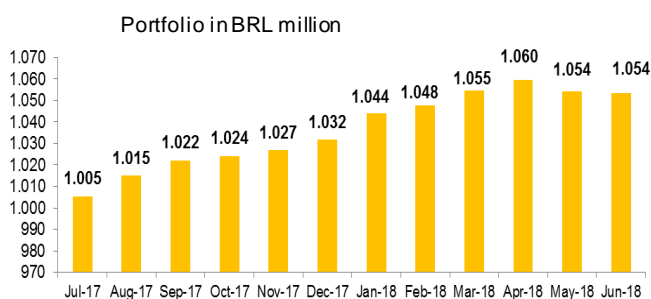
Allocation per asset manager



Allocation per segment (not included ALM)

## 3- Investment Portfolio – allocation by investment choice

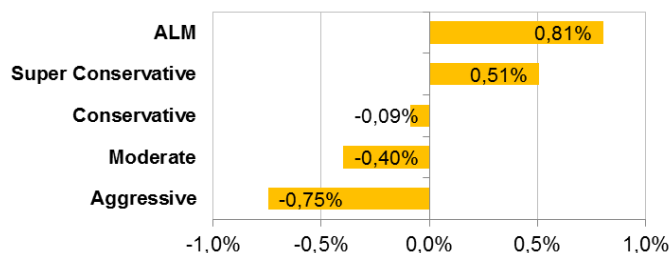
Period	Allocation by profile (BRL mio)					Total
	ALM	Super Conservative	Conservative	Moderate	Aggressive	
Jul-17	308,0	303,9	233,3	150,3	9,9	1.005
Aug-17	309,4	305,6	235,5	153,1	11,4	1.015
Sep-17	310,6	305,5	238,2	155,9	12,0	1.022
Oct-17	310,8	284,0	247,7	167,3	14,4	1.024
Nov-17	310,7	284,6	249,3	167,1	15,0	1.027
Dec-17	309,8	285,7	251,6	169,2	15,4	1.032
Jan-18	312,2	287,7	254,8	173,3	16,1	1.044
Feb-18	312,1	288,3	256,5	174,6	16,3	1.048
Mar-18	313,4	288,5	259,4	176,1	17,2	1.055
Apr-18	312,8	262,2	215,1	228,7	40,8	1.060
May-18	310,9	262,5	213,2	227,3	40,2	1.054
Jun-18	312,0	260,4	213,8	226,8	40,5	1.054



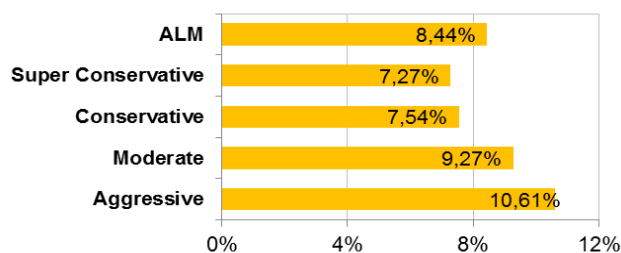
## 4- Performance

Profile	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	YTD	Last 12m	Last 24m
ALM	1,07%	0,98%	0,69%	0,56%	0,46%	0,66%	1,32%	0,50%	0,74%	0,45%	-0,10%	0,81%	3,77%	8,44%	19,96%
Super Conservative	0,83%	0,82%	0,66%	0,63%	0,55%	0,53%	0,57%	0,44%	0,52%	0,49%	0,50%	0,51%	3,06%	7,27%	21,10%
Conservative	1,87%	1,00%	1,08%	0,28%	0,17%	0,81%	1,37%	0,60%	0,87%	0,37%	-1,03%	-0,09%	2,11%	7,54%	22,23%
Moderate	1,94%	1,61%	1,65%	0,37%	-0,38%	1,48%	2,43%	0,53%	0,73%	0,78%	-1,77%	-0,40%	2,28%	9,27%	25,26%
Aggressive	2,10%	2,45%	2,07%	0,26%	-1,06%	2,09%	3,67%	0,52%	0,61%	0,90%	-2,57%	-0,75%	2,30%	10,61%	25,70%

## June 2018



## Last 12 months



Segment	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	YTD	Last 12m	Last 24m
ALM	1,07%	0,98%	0,69%	0,56%	0,46%	0,66%	1,32%	0,50%	0,74%	0,45%	-0,10%	0,81%	3,77%	8,44%	19,96%
Fixed Income															
- IMA-S	0,84%	0,82%	0,66%	0,64%	0,56%	0,54%	0,58%	0,44%	0,53%	0,50%	0,51%	0,52%	3,11%	7,38%	21,33%
- IMA- Composed *	1,88%	1,01%	1,07%	0,28%	0,18%	0,80%	1,33%	0,64%	0,92%	0,35%	-0,98%	-0,12%	2,13%	7,58%	22,32%
- Offshore	0,80%	0,80%	0,64%	0,64%	0,57%	0,54%	0,58%	0,46%	0,53%	0,52%	0,52%	0,52%	3,17%	7,35%	21,15%
Structured															
- Hedge Funds	3,16%	1,15%	1,85%	0,30%	0,36%	1,65%	4,49%	0,17%	0,70%	0,84%	-1,79%	0,87%	5,28%	14,49%	31,33%
- Long & Short	0,66%	0,69%	1,08%	0,38%	0,12%	0,54%	0,32%	0,31%	0,06%	1,07%	-0,31%	0,29%	1,74%	5,30%	21,58%
Equities															
- IBrX	4,72%	7,03%	4,21%	-0,50%	-3,00%	6,16%	11,37%	0,97%	-0,09%	0,67%	-9,45%	-5,04%	-2,75%	16,40%	48,89%
- Dividends	4,86%	5,80%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	10,95%	18,50%
- Value / Growth	4,24%	5,15%	4,91%	-0,79%	-5,06%	5,06%	8,09%	1,16%	0,71%	1,18%	-9,88%	-3,26%	-2,87%	10,51%	29,45%
- Offshore	-3,97%	0,02%	2,90%	5,56%	1,87%	2,10%	0,84%	-1,71%	-0,79%	6,72%	8,46%	3,62%	17,94%	27,98%	53,03%
Offshore															
- 50% CDI + 50% MSCI	-1,18%	0,63%	1,70%	2,98%	1,04%	1,62%	0,59%	-0,67%	0,21%	3,16%	4,29%	1,58%	9,47%	17,21%	36,48%
Indicator															
CDI (interbank deposit)	0,80%	0,80%	0,64%	0,64%	0,57%	0,54%	0,58%	0,46%	0,53%	0,52%	0,52%	0,52%	3,17%	7,35%	21,15%
IMA-S	0,82%	0,81%	0,65%	0,66%	0,57%	0,54%	0,58%	0,46%	0,53%	0,51%	0,50%	0,52%	3,15%	7,41%	21,33%
IMA-Geral ex-C	2,32%	1,06%	1,31%	0,14%	-0,01%	0,89%	1,68%	0,72%	0,95%	0,30%	-1,45%	0,10%	2,30%	8,26%	24,11%
IMA-Bench composed**	1,83%	0,99%	1,02%	0,38%	0,21%	0,74%	1,28%	0,58%	0,85%	0,37%	-0,78%	0,47%	2,79%	8,21%	22,52%
Ibovespa	4,80%	7,46%	4,88%	0,02%	-3,15%	6,16%	11,14%	0,52%	0,01%	0,88%	-10,87%	-5,20%	-4,76%	15,68%	41,21%
IBrX	4,91%	7,35%	4,69%	-0,13%	-3,38%	6,35%	10,74%	0,42%	0,08%	0,82%	-10,91%	-5,20%	-5,23%	14,66%	40,34%
IDIV	4,81%	6,96%	6,12%	0,29%	-6,67%	4,94%	9,88%	-0,61%	1,05%	-1,42%	-10,54%	-4,31%	-6,88%	8,82%	48,74%
Saving Accounts	0,56%	0,56%	0,48%	0,50%	0,48%	0,48%	0,52%	0,43%	0,50%	0,50%	0,50%	0,00%	2,48%	5,64%	13,96%
USD	-5,37%	0,52%	0,66%	3,44%	-0,47%	1,42%	-4,40%	2,61%	2,43%	4,73%	7,35%	3,18%	16,56%	16,55%	20,13%
CPI (IPCA)	0,24%	0,19%	0,16%	0,42%	0,28%	0,44%	0,29%	0,32%	0,09%	0,22%	0,40%	1,26%	2,60%	4,39%	7,52%
IGP-DI (FGV)	-0,30%	0,24%	0,62%	0,10%	0,80%	0,74%	0,58%	0,15%	0,56%	0,93%	1,64%	1,48%	5,45%	7,79%	6,16%
MSCI World (BRL)	-3,16%	0,45%	2,76%	5,31%	1,51%	2,70%	0,59%	-1,81%	-0,11%	5,80%	8,07%	2,63%	15,78%	27,07%	51,81%
Actuarial Target <sup>1</sup>	0,03%	0,57%	0,95%	0,43%	1,13%	1,07%	0,91%	0,48%	0,89%	1,26%	1,97%	1,81%	7,54%	12,10%	14,82%

<sup>1</sup> IGP-DI + 4% p.y.

\* Weighted Performance

<sup>3</sup> 15%IRF-M + 55%IMA-S + 20%IMA-B5 + 10%IMA-B5+ since July 2017

<sup>2</sup> 50% IMA-S + 50% IMA-B from Jan 2017 to Jun 2017

\*\* 50% IMA-S + 50% IMA-B from Jan 2017 to July 2017 and 15% IRF-M + 55% IMA-S + 20% IMA-B5 + 10% IMA-B5+ since July 2017

\*\*\* Conservative (89,1% IMA-S + 5,5% IRF-M + 5,5% IMA-B5), Moderate (85,4% IMA-S + 7,3% IRF-M + 7,3% IMA-B5) and Aggressive (80% IMA-S + 10% IRF-M + 10% IMA-B5) since July 2018

June was a month in which asset prices continued to suffer. The fixed income market again showed repricing of yield curves. The COPOM maintained the Selic rate at 6.50% and unlike the last meetings, it did not committed to make any moves at future meetings. It reiterated, however, that it is following an inflation targeting regime and that interest rates will only be risen if the inflation target is threatened.

In June, the Ibovespa showed a -5.20% devaluation. The real depreciated by 3.18%. The S&P appreciated 0.48% in US currency and the Euro Stoxx depreciated -0.32% in euro.

Within this context, June was a difficult month for the financial market in general and for Previ Novartis, with a share of its funds not outperforming their benchmarks.

## 5- Fixed Income

ALM	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	YTD	Last 12m	Last 24m
Bradesco	1,07%	0,98%	0,69%	0,56%	0,46%	0,66%	1,32%	0,50%	0,74%	0,45%	-0,10%	0,81%	3,77%	8,44%	19,96%
Benchmark: Target	0,03%	0,57%	0,95%	0,43%	1,13%	1,07%	0,91%	0,48%	0,89%	1,26%	1,97%	1,81%	7,54%	12,10%	14,82%
<b>Fixed Income: IMA-S</b>	<b>Jul-17</b>	<b>Aug-17</b>	<b>Sep-17</b>	<b>Oct-17</b>	<b>Nov-17</b>	<b>Dec-17</b>	<b>Jan-18</b>	<b>Feb-18</b>	<b>Mar-18</b>	<b>Apr-18</b>	<b>May-18</b>	<b>Jun-18</b>	<b>YTD</b>	<b>Last 12m</b>	<b>Last 24m</b>
BNP Paribas	0,85%	0,82%	0,65%	0,66%	0,59%	0,54%	0,54%	0,46%	0,54%	0,51%	0,53%	0,49%	3,11%	7,41%	21,37%
Itaú	0,83%	0,83%	0,68%	0,61%	0,54%	0,55%	0,61%	0,43%	0,52%	0,49%	0,48%	0,54%	3,12%	7,33%	21,21%
Benchmark: IMA-S	0,82%	0,81%	0,65%	0,66%	0,57%	0,54%	0,58%	0,46%	0,53%	0,51%	0,50%	0,52%	3,15%	7,41%	21,33%
<b>Fixed Income: IMA composite</b>	<b>Jul-17</b>	<b>Aug-17</b>	<b>Sep-17</b>	<b>Oct-17</b>	<b>Nov-17</b>	<b>Dec-17</b>	<b>Jan-18</b>	<b>Feb-18</b>	<b>Mar-18</b>	<b>Apr-18</b>	<b>May-18</b>	<b>Jun-18</b>	<b>YTD</b>	<b>Last 12m</b>	<b>Last 24m</b>
Bradesco	1,91%	1,03%	1,10%	0,27%	0,18%	0,85%	1,33%	0,67%	0,99%	0,36%	-1,12%	-0,14%	2,08%	7,64%	22,69%
Itaú	1,85%	0,99%	1,05%	0,30%	0,18%	0,75%	1,33%	0,61%	0,85%	0,33%	-0,83%	-0,11%	2,18%	7,52%	21,95%
Benchmark*	1,83%	0,99%	1,02%	0,38%	0,21%	0,74%	1,28%	0,58%	0,85%	0,37%	-0,78%	0,47%	2,79%	8,21%	22,52%
<b>Structured: Hedge Fund</b>	<b>Jul-17</b>	<b>Aug-17</b>	<b>Sep-17</b>	<b>Oct-17</b>	<b>Nov-17</b>	<b>Dec-17</b>	<b>Jan-18</b>	<b>Feb-18</b>	<b>Mar-18</b>	<b>Apr-18</b>	<b>May-18</b>	<b>Jun-18</b>	<b>YTD</b>	<b>Last 12m</b>	<b>Last 24m</b>
BBM	-	-	-	-	-	-	-	0,92%	2,32%	0,72%	-0,52%	0,36%	N.A	N.A	N.A
Safra	3,66%	2,26%	1,08%	1,40%	-0,86%	2,22%	5,13%	-0,38%	-0,12%	0,45%	-6,38%	-0,87%	-2,47%	7,39%	20,03%
SPX	2,84%	0,43%	2,35%	-0,34%	1,05%	1,32%	4,13%	0,19%	0,38%	1,10%	-0,60%	2,26%	7,62%	16,08%	22,05%
Benchmark: CDI	0,80%	0,80%	0,64%	0,64%	0,57%	0,54%	0,58%	0,46%	0,53%	0,52%	0,52%	0,52%	3,17%	7,35%	21,15%
<b>Structured: Long &amp; Short</b>	<b>Jul-17</b>	<b>Aug-17</b>	<b>Sep-17</b>	<b>Oct-17</b>	<b>Nov-17</b>	<b>Dec-17</b>	<b>Jan-18</b>	<b>Feb-18</b>	<b>Mar-18</b>	<b>Apr-18</b>	<b>May-18</b>	<b>Jun-18</b>	<b>YTD</b>	<b>Last 12m</b>	<b>Last 24m</b>
BNP Paribas	0,78%	0,62%	0,58%	0,14%	-0,49%	0,62%	-0,51%	0,47%	-0,43%	2,29%	-1,55%	-	N.A	N.A	N.A
Apex	-	-	-	-	-	-	-	-	-	-	-	0,36%	N.A	N.A	N.A
Oceana	1,00%	0,93%	0,50%	0,59%	-0,05%	0,95%	0,46%	0,27%	0,09%	0,94%	0,62%	0,42%	2,83%	6,91%	24,04%
Santander	0,42%	0,61%	1,69%	0,44%	0,57%	0,31%	0,76%	0,21%	0,35%	0,49%	-0,02%	0,23%	2,03%	6,22%	20,90%
Benchmark: CDI	0,80%	0,80%	0,64%	0,64%	0,57%	0,54%	0,58%	0,46%	0,53%	0,52%	0,52%	0,52%	3,17%	7,35%	21,15%

\* Benchmark

Conservative (89,1% IMA-S + 5,5% IRF-M + 5,5% IMA-B5), Moderate (85,4% IMA-S + 7,3% IRF-M + 7,3% IMA-B5) and Aggressive (80% IMA-S + 10% IRF-M + 10% IMA-B5) since July 2018

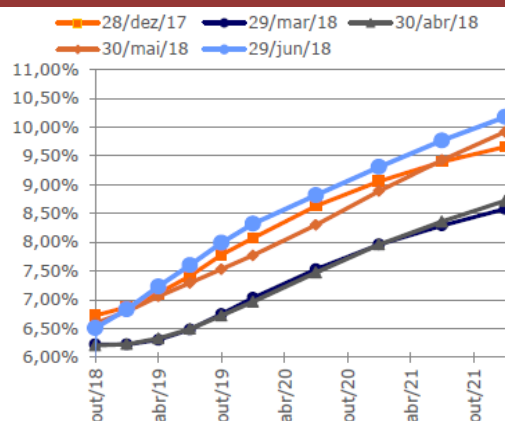
(15%IRF-M + 55%IMA-S + 20%IMA-B5 + 10%IMA-B5+) from July 2017 to June 2018

(50% IMA-S + 50% IMA-B) from Jan 2017 to Jun 2017

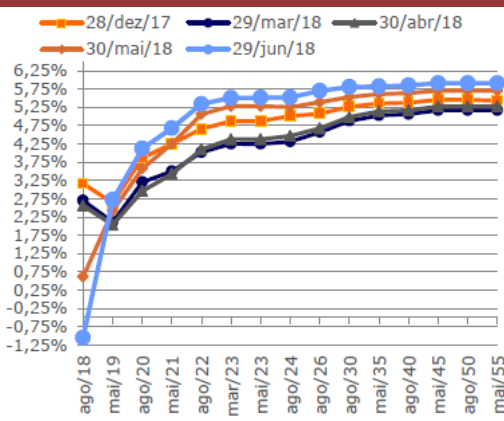
(20%IMA-S+14,4%IRF-M+25,6%IRF-M1++30%IMA-B5+10%IMA-B5+) from Jan 2015 to Dec 2016.

Previous benchmark was IMA-G ex-C

## Nominal Yield Curve



## Real Yield Curve



**Nominal rates** – Domestic economic activity suffered during the month of June given the still unmeasurable impact of the truckers' strike, an unfavorable external environment and a challenging local scenario given its fiscal and political risks. This was reflected in an upward shift for maturities in the April 2019 vertex and on.

**Real rates** – Real rates, as well as nominal rates, continued the trend of last month, triggering a joint action by the Central Bank and the National Treasury that consisted bond buying auctions and hedge offers in the currency market to stabilize the trend.

Previ Novartis' exclusive fixed income funds with an IMA-Composite benchmark showed poor performance, due to the delay by the managers Itaú and Bradesco in adjusting the portfolios to the new benchmark. Among the hedge funds, a positive highlight for SPX with a + 2.26% in June and + 7.62% in the year; the negative highlight was the Safra Galileo with -0.87% in June and -2.47% in the year. The Galileo fund has excellent track record and is one of the most reputable funds in the market; however, the successive exchange of managers may be impacting its performance and, with this, the Previ Novartis Investment Committee decided to replace it. As for the Long & Short strategy, it performed below the benchmark. However, the new allocation in the Apex fund was made only at the end of the month; this fund full performance during June, obtained an excellent return of + 1.83%.

## 6- Equities

Equities: IBrX	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	YTD	Last 12m	Last 24m
Bradesco	5,35%	7,44%	5,57%	-0,42%	-3,15%	5,95%	11,57%	1,14%	0,88%	0,70%	-9,48%	-4,78%	-1,19%	20,64%	45,39%
Oceana	4,57%	6,94%	3,88%	-0,51%	-2,96%	6,21%	11,17%	0,83%	-0,97%	0,61%	-9,40%	-5,49%	-4,37%	13,90%	47,03%
Benchmark: IBrX	4,91%	7,35%	4,69%	-0,13%	-3,38%	6,35%	10,74%	0,42%	0,08%	0,82%	-10,91%	-5,20%	-5,23%	14,66%	40,34%
Equities: Dividends	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	YTD	Last 12m	Last 24m
Vinci Partners	4,86%	5,80%	-	-	-	-	-	-	-	-	-	-	N.A	N.A	N.A
Benchmark: IDIV	4,81%	6,96%	6,12%	0,29%	-6,67%	4,94%	9,88%	-0,61%	1,05%	-1,42%	-10,54%	-4,31%	-6,88%	8,82%	48,74%
Equities: Value / Growth	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	YTD	Last 12m	Last 24m
BNP Paribas	1,94%	3,24%	2,79%	-0,58%	-4,48%	5,79%	1,40%	-1,23%	0,30%	1,22%	-8,58%	-	-	-	N.A
BR Plural	5,37%	6,26%	5,78%	-0,52%	-2,54%	5,66%	12,62%	1,30%	1,79%	0,12%	-11,47%	-2,90%	-0,04%	16,56%	N.A
BBM	6,35%	7,07%	6,39%	-0,32%	-5,50%	5,83%	10,93%	3,64%	0,05%	2,20%	-9,22%	-3,61%	2,87%	24,24%	N.A
Benchmark: IBrX	4,91%	7,35%	4,69%	-0,13%	-3,38%	6,35%	10,74%	0,42%	0,08%	0,82%	-10,91%	-5,20%	-5,23%	14,66%	40,34%
Offshore: CDI + MSCI	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	YTD	Last 12m	Last 24m
FoF Itaú	-3,96%	-0,39%	3,04%	5,58%	1,51%	1,59%	0,99%	-1,61%	-0,66%	6,84%	7,66%	3,74%	17,79%	26,40%	50,67%
BlackRock	-3,99%	0,99%	2,58%	5,52%	2,77%	3,37%	0,70%	-1,80%	-1,02%	6,48%	10,01%	3,38%	18,38%	29,43%	50,58%
Pimco	-	-	-	-	-	-	-	-	0,28%	0,06%	0,09%	0,04%	N.A	N.A	N.A
Benchmark: CDI + MSCI World (BRL)	-3,16%	0,45%	2,76%	5,31%	1,51%	2,70%	0,59%	-1,81%	-0,11%	3,16%	4,29%	1,58%	7,82%	18,34%	41,38%

In the first half of 2018, foreign investors withdrew more than BRL 10 billion from the Brazilian stock market, the worse balance since the 2008 crisis. Earmarked record resource inflows at the beginning of the year have now become the largest net withdrawal in the first half of the stock exchange history.

The significant negative number reflects the current situation of global markets, less interested in taking risks and bet on emerging markets, but also the dynamics of Brazil (growth less than expected in 2018 and elections in October represent an extra element of risk).

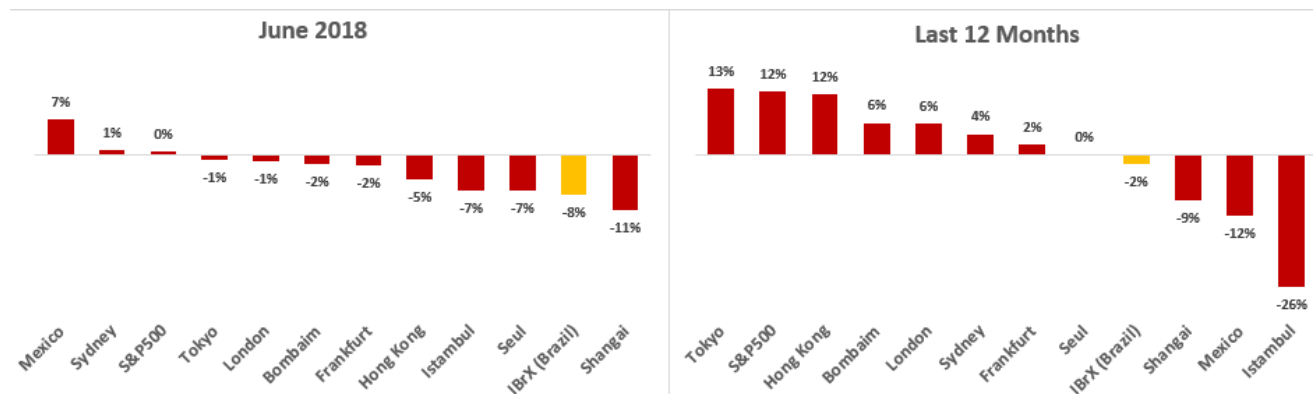
A more challenging scenario is then expected for what remains of the year, with much more volatility and where stock selection will become more relevant.

The Ibovespa closed the month with a fall of -5.20%, accumulating loss of -4.76% in the year.

In Previ Novartis' equity portfolio, all funds performed above the benchmark, except for the Oceana Valor fund, which had a slightly below return when compared to its target. Again, the highlight was for the foreign equity funds, that helped by the devaluation of the real, performed significantly above the benchmark.

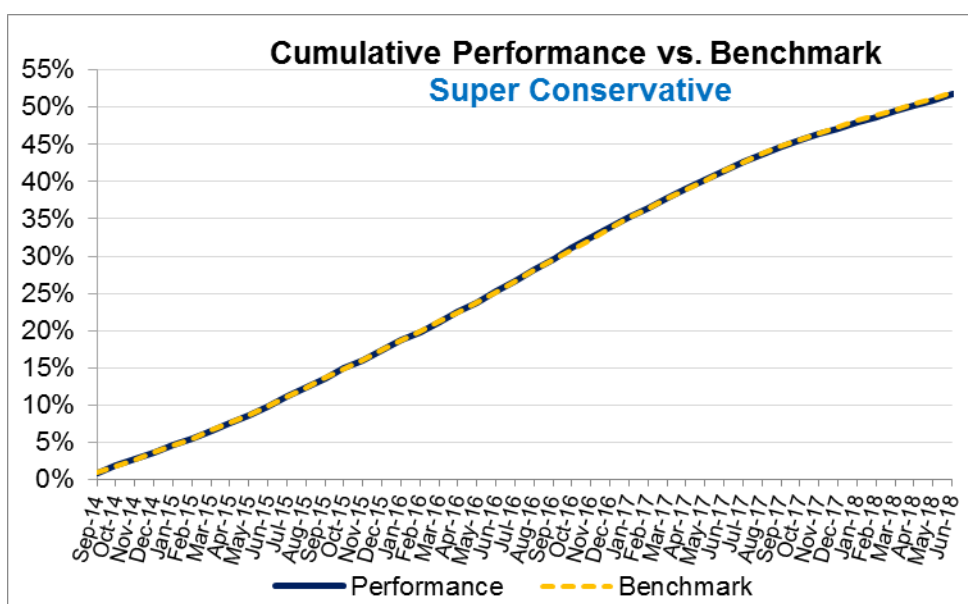
## Stock Markets around the World (performance in USD)

Brazilian stock market strongly impacted by global increase in risk aversion



## 7- Performance of "Super Conservative Investment Choice"

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	YTD	Last 12m	Last 24m
<b>Fixed Income: IMA-S</b>															
BNP Paribas	0,85%	0,82%	0,65%	0,66%	0,59%	0,54%	0,54%	0,46%	0,54%	0,51%	0,53%	0,49%	3,11%	7,41%	21,37%
Itaú	0,83%	0,83%	0,68%	0,61%	0,54%	0,55%	0,62%	0,43%	0,52%	0,49%	0,48%	0,55%	3,12%	7,34%	21,29%
Benchmark: IMA-S	0,82%	0,81%	0,65%	0,66%	0,57%	0,54%	0,58%	0,46%	0,53%	0,51%	0,50%	0,52%	3,15%	7,41%	21,33%
Profile Performance	0,83%	0,82%	0,66%	0,63%	0,55%	0,53%	0,57%	0,44%	0,52%	0,49%	0,50%	0,51%	3,06%	7,27%	21,10%
Benchmark	0,82%	0,81%	0,65%	0,66%	0,57%	0,54%	0,58%	0,46%	0,53%	0,51%	0,50%	0,52%	3,15%	7,41%	21,33%



## 8- Performance of "Conservative Investment Choice"

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	YTD	Last 12m	Last 24m
<b>Fixed Income: IMA Composed</b>															
Bradesco	1,91%	1,03%	1,10%	0,27%	0,18%	0,85%	1,33%	0,67%	0,99%	0,36%	-1,12%	-0,14%	2,08%	7,64%	22,69%
Itaú	1,85%	0,99%	1,05%	0,30%	0,18%	0,75%	1,33%	0,61%	0,85%	0,33%	-0,83%	-0,11%	2,18%	7,52%	21,95%
Benchmark*	1,83%	0,99%	1,02%	0,38%	0,21%	0,74%	1,28%	0,58%	0,85%	0,37%	-0,78%	0,47%	2,79%	8,21%	22,52%
<b>Hedge Funds</b>															
BBM	-	-	-	-	-	-	-	-	2,32%	0,72%	-0,52%	0,36%	N.A	N.A	N.A
Safra	3,66%	2,26%	1,08%	1,40%	-0,86%	2,22%	5,13%	-0,38%	-0,12%	0,45%	-6,38%	-0,87%	-2,47%	7,39%	20,03%
SPX	2,84%	0,43%	2,35%	-0,34%	1,05%	1,32%	4,13%	0,19%	0,38%	1,10%	-0,60%	2,26%	7,62%	16,08%	N.A
Benchmark: CDI	0,80%	0,80%	0,64%	0,64%	0,57%	0,54%	0,58%	0,46%	0,53%	0,52%	0,52%	0,52%	3,17%	7,35%	21,15%
<b>Long &amp; Short</b>															
Apex	-	-	-	-	-	-	-	-	-	-	-	0,36%	N.A	N.A	N.A
BNP Paribas	0,78%	0,62%	0,58%	0,14%	-0,49%	0,62%	-0,51%	0,47%	-0,43%	2,29%	-1,55%	N.A	N.A	N.A	N.A
Oceana	1,00%	0,93%	0,50%	0,59%	-0,05%	0,95%	0,46%	0,27%	0,09%	0,94%	0,62%	0,42%	2,83%	6,91%	24,04%
Santander	0,42%	0,61%	1,69%	0,44%	0,57%	0,31%	0,76%	0,21%	0,35%	0,49%	-0,02%	0,23%	2,03%	6,22%	20,90%
Benchmark: CDI	0,80%	0,80%	0,64%	0,64%	0,57%	0,54%	0,58%	0,46%	0,53%	0,52%	0,52%	0,52%	3,17%	7,35%	21,15%
Profile Performance	1,87%	1,00%	1,08%	0,28%	0,17%	0,81%	1,37%	0,60%	0,87%	0,37%	-1,03%	-0,09%	2,11%	7,54%	22,23%
Benchmark	1,78%	0,98%	1,00%	0,39%	0,23%	0,73%	1,24%	0,58%	0,84%	0,38%	-0,71%	0,47%	2,82%	8,18%	22,45%

\* Benchmark

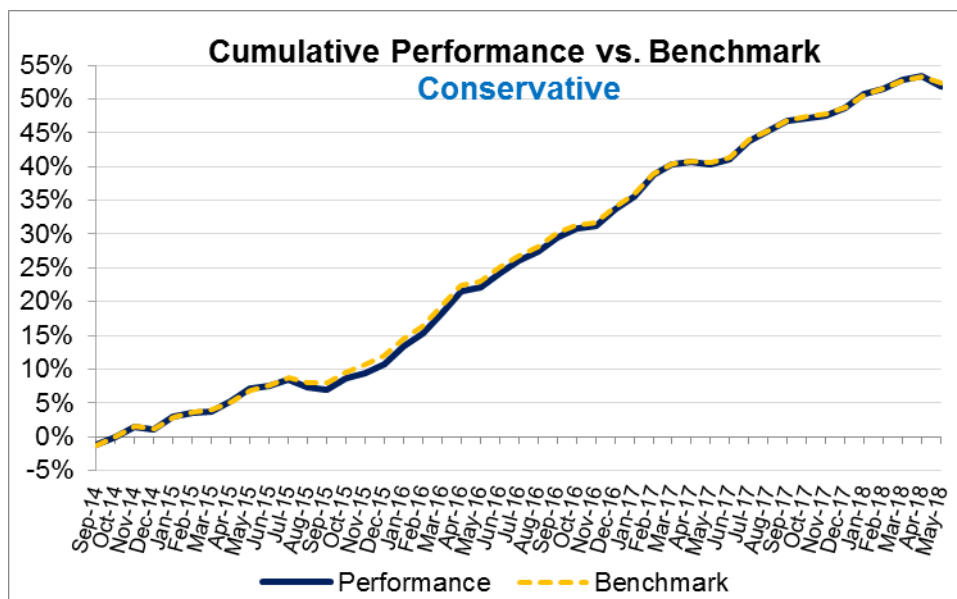
(89,1% IMA-S + 5,5% IRF-M + 5,5% IMA-B5) since July 2018

(15%IRF-M + 55%IMA-S + 20%IMA-B5 + 10%IMA-B5+) from July 2017 to June 2018

(50% IMA-S + 50% IMA-B) from Jan 2017 to Jun 2017

(20%IMA-S + 14,4%IRF-M1+25,6%IRF-M1+ +30%IMA-B5+10%IMA-B5+) from Jan 2015 to Dec 2016.

Previous benchmark was IMA-G ex-C



## 9- Performance of "Moderate Investment Choice"

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	YTD	Last 12m	Last 24m
<b>Fixed Income: IMA Composed</b>															
Bradesco	1,91%	1,03%	1,10%	0,27%	0,18%	0,85%	1,33%	0,67%	0,99%	0,36%	-1,12%	-0,14%	2,08%	7,64%	22,69%
Itaú	1,85%	0,99%	1,05%	0,30%	0,18%	0,75%	1,33%	0,61%	0,85%	0,33%	-0,83%	-0,11%	2,18%	7,52%	21,95%
Benchmark*	1,83%	0,99%	1,02%	0,38%	0,21%	0,74%	1,28%	0,58%	0,85%	0,37%	-0,78%	0,47%	2,79%	8,21%	22,52%
<b>Hedge Funds</b>															
BBM	-	-	-	-	-	-	-	0,92%	2,32%	0,72%	-0,52%	0,36%	N.A	N.A	N.A
Safra	3,66%	2,26%	1,08%	1,40%	-0,86%	2,22%	5,13%	-0,38%	-0,12%	0,45%	-6,38%	-0,87%	-2,47%	7,39%	20,03%
SPX	2,84%	0,43%	2,35%	-0,34%	1,05%	1,32%	4,13%	0,19%	0,38%	1,10%	-0,60%	2,26%	7,62%	16,08%	N.A
Benchmark: CDI	0,80%	0,80%	0,64%	0,64%	0,57%	0,54%	0,58%	0,46%	0,53%	0,52%	0,52%	0,52%	3,17%	7,35%	21,15%
<b>Long &amp; Short</b>															
Apex	-	-	-	-	-	-	-	-	-	-	-	0,36%	N.A	N.A	N.A
BNP Paribas	0,78%	0,62%	0,58%	0,14%	-0,49%	0,62%	-0,51%	0,47%	-0,43%	2,29%	-1,55%	-	N.A	N.A	N.A
Oceana	1,00%	0,93%	0,50%	0,59%	-0,05%	0,95%	0,46%	0,27%	0,09%	0,94%	0,62%	0,42%	2,83%	6,91%	24,04%
Santander	0,42%	0,61%	1,69%	0,44%	0,57%	0,31%	0,76%	0,21%	0,35%	0,49%	-0,02%	0,23%	2,03%	6,22%	20,90%
Benchmark: CDI	0,80%	0,80%	0,64%	0,64%	0,57%	0,54%	0,58%	0,46%	0,53%	0,52%	0,52%	0,52%	3,17%	7,35%	21,15%
<b>Equities: IBrX</b>															
Bradesco	5,35%	7,44%	5,57%	-0,42%	-3,15%	5,95%	11,57%	1,14%	0,88%	0,70%	-9,48%	-4,78%	-1,19%	20,64%	45,39%
Oceana	4,57%	6,94%	3,88%	-0,51%	-2,96%	6,21%	11,17%	0,83%	-0,97%	0,61%	-9,40%	-5,49%	-4,37%	13,90%	47,03%
Benchmark: IBrX	4,91%	7,35%	4,69%	-0,13%	-3,38%	6,35%	10,74%	0,42%	0,08%	0,82%	-10,91%	-5,20%	-5,23%	14,66%	40,34%
<b>Equities: Dividends</b>															
Vinci Partners	4,86%	5,80%	-	-	-	-	-	-	-	-	-	-	-	N.A	N.A
Benchmark: IDIV	4,81%	6,96%	6,12%	0,29%	-6,67%	4,94%	9,88%	-0,61%	1,05%	-1,42%	-10,54%	-4,31%	-6,88%	8,82%	48,74%
<b>Equities: Value &amp; Growth</b>															
Pollux	2,76%	4,39%	4,89%	-1,79%	-7,99%	2,67%	-	-	-	-	-	-	N.A	N.A	N.A
BNP Paribas	1,94%	3,24%	2,79%	-0,59%	-4,48%	5,79%	1,40%	-1,23%	0,30%	1,22%	-8,58%	-	N.A	N.A	N.A
BR Plural	5,37%	6,26%	5,78%	-0,46%	-2,54%	5,66%	12,62%	1,30%	1,79%	0,12%	-11,47%	-2,90%	-0,04%	21,36%	N.A
BBM	6,35%	7,07%	6,39%	-0,32%	-5,50%	5,83%	10,93%	3,64%	0,05%	2,20%	-9,22%	-3,61%	2,87%	N.A	N.A
Benchmark: IBrX	4,91%	7,35%	4,69%	-0,13%	-3,38%	6,35%	10,74%	0,42%	0,08%	0,82%	-10,91%	-5,20%	-5,23%	14,66%	40,34%
<b>Equities: Offshore</b>															
FoF Itaú	-3,96%	-0,39%	3,04%	5,58%	1,51%	1,59%	0,99%	-1,61%	-0,66%	6,84%	7,66%	3,74%	17,79%	26,40%	51,46%
BlackRock	-3,99%	0,99%	2,58%	5,52%	2,77%	3,37%	0,80%	-1,80%	-1,02%	6,48%	10,01%	3,38%	18,65%	32,30%	N.A
Pimco	-	-	-	-	-	-	-	-	0,28%	0,01%	0,11%	0,06%	0,44%	0,44%	N.A
Benchmark: CDI+ MSCI World (BRL)	-3,16%	0,45%	2,76%	5,31%	1,51%	2,70%	0,59%	-1,81%	-0,11%	3,16%	4,29%	1,58%	7,82%	18,34%	41,38%
Profile Performance	1,94%	1,61%	1,65%	0,37%	-0,38%	1,48%	2,43%	0,53%	0,73%	0,78%	-1,77%	-0,40%	2,28%	9,27%	25,26%
Benchmark	1,97%	1,98%	1,60%	0,55%	-0,19%	1,60%	2,67%	0,39%	0,65%	0,65%	-1,69%	-0,07%	2,58%	10,51%	27,54%

\* Benchmark

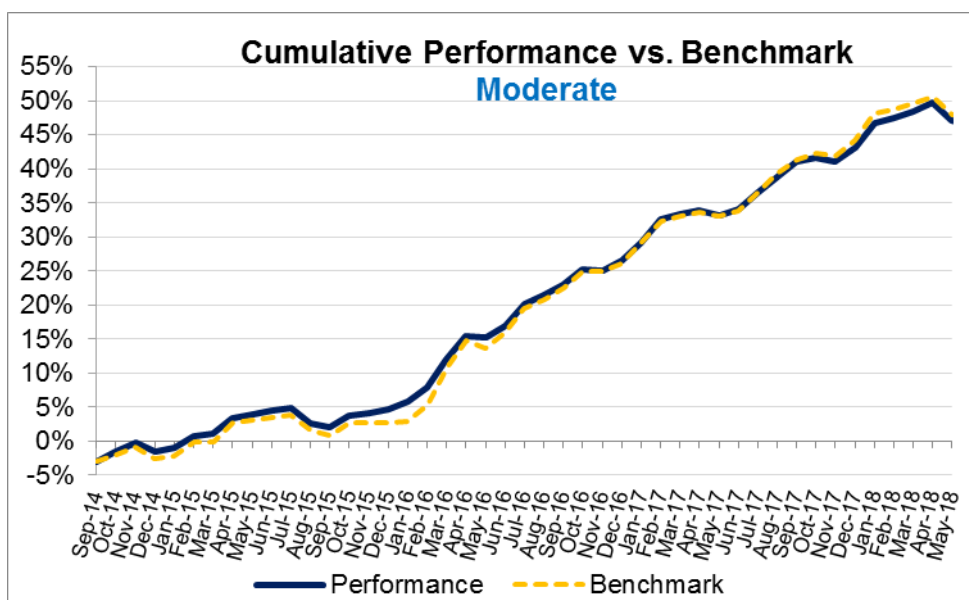
(85,4% IMA-S + 7,3% IRF-M + 7,3% IMA-B5) since July 2018

(15%IRF-M + 55%IMA-S + 20%IMA-B5 + 10%IMA-B5+) from July 2017 to June 2018

(50% IMA-S + 50% IMA-B) from Jan 2017 to Jun 2017

(20%IMA-S+14,4%IRF-M1+25,6%IRF-M1+ +30%IMA-B5+10%IMA-B5+) from Jan 2015 to Dec 2016.

Previous benchmark was IMA-G ex-C





## 10- Performance of "Aggressive Investment Choice"

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	YTD	Last 12m	Last 24m
<b>Fixed Income: IMA Composed</b>															
Bradesco	1.91%	1.03%	1.10%	0.27%	0.18%	0.85%	1.33%	0.67%	0.99%	0.36%	-1.12%	-0.14%	2.08%	7.64%	22.69%
Itaú	1.85%	0.99%	1.05%	0.30%	0.18%	0.75%	1.33%	0.61%	0.85%	0.33%	-0.83%	-0.11%	2.18%	7.52%	21.95%
Benchmark*	1.83%	0.99%	1.02%	0.38%	0.21%	0.74%	1.28%	0.58%	0.85%	0.37%	-0.78%	0.47%	2.79%	8.21%	22.52%
<b>Hedge Funds</b>															
BBM	-	-	-	-	-	-	-	0.92%	2.32%	0.72%	-0.52%	0.36%	N.A	N.A	N.A
SPX	2.84%	0.43%	2.35%	-0.34%	1.05%	1.32%	4.13%	0.19%	0.38%	1.10%	-0.60%	2.26%	7.62%	16.08%	22.05%
Benchmark: CDI	0.80%	0.80%	0.64%	0.64%	0.57%	0.54%	0.58%	0.46%	0.53%	0.52%	0.52%	0.52%	3.17%	7.35%	21.15%
<b>Long &amp; Short</b>															
Apex	-	-	-	-	-	-	-	-	-	-	-	0.35%	N.A	N.A	N.A
Santander	0.42%	0.61%	1.69%	0.44%	0.57%	0.31%	0.76%	0.21%	0.35%	0.49%	-0.02%	0.23%	2.03%	6.22%	20.90%
Benchmark: CDI	0.80%	0.80%	0.64%	0.64%	0.57%	0.54%	0.58%	0.46%	0.53%	0.52%	0.52%	0.52%	3.17%	7.35%	21.15%
<b>Equities: IBrX</b>															
Bradesco	5.35%	7.44%	5.57%	-0.42%	-3.15%	5.95%	11.57%	1.14%	0.88%	0.70%	-9.48%	-4.78%	-1.19%	20.64%	45.39%
Oceana	4.57%	6.94%	3.88%	-0.51%	-2.96%	6.21%	11.17%	0.83%	-0.97%	0.61%	-9.40%	-5.49%	-4.37%	13.90%	47.03%
Benchmark: IBrX	4.91%	7.35%	4.69%	-0.13%	-3.38%	6.35%	10.74%	0.42%	0.08%	0.82%	-10.91%	-5.20%	-5.23%	14.66%	40.34%
<b>Equities: Dividends</b>															
Vinci Partners	4.86%	5.80%	-	-	-	-	-	-	-	-	-	-	N.A	N.A	N.A
Benchmark: IDIV	4.81%	6.96%	6.12%	0.29%	-6.67%	4.94%	9.88%	-0.61%	1.05%	-1.42%	-10.54%	-4.31%	-6.88%	8.82%	48.74%
<b>Equities: Value &amp; Growth</b>															
Pollux	2.76%	4.39%	4.89%	-1.79%	-7.99%	2.67%	-	-	-	-	-	-	N.A	N.A	N.A
BNP Paribas	-	-	-	-0.53%	-4.48%	5.79%	1.40%	-1.23%	0.30%	1.22%	-8.58%	-	-	N.A	N.A
BR Plural	-	-	-	-0.87%	-2.54%	5.66%	12.62%	1.30%	1.79%	0.12%	-11.47%	-2.90%	-0.04%	N.A	N.A
BBM	6.35%	7.07%	6.39%	-0.32%	-5.50%	5.83%	10.93%	3.64%	0.05%	2.20%	-9.22%	-3.61%	2.87%	24.24%	N.A
Benchmark: IBrX	4.91%	7.35%	4.69%	-0.13%	-3.38%	6.35%	10.74%	0.42%	0.08%	0.82%	-10.91%	-5.20%	-5.23%	14.66%	40.34%
<b>Equities: Offshore</b>															
FoF Itaú	-3.96%	-0.39%	3.04%	5.58%	1.51%	1.59%	0.99%	-1.61%	-0.66%	6.84%	7.66%	3.74%	17.79%	26.40%	47.24%
BlackRock	-	-	-	-	-	-	-0.41%	-1.80%	-1.02%	6.48%	10.01%	3.38%	17.22%	N.A	N.A
Pimco	-	-	-	-	-	-	-	-	-	0.32%	0.04%	-0.01%	N.A	N.A	N.A
Benchmark: CDI + MSCI World (BRL)	-3.16%	0.45%	2.76%	5.31%	1.51%	2.70%	0.59%	-1.81%	-0.11%	3.16%	4.29%	1.58%	7.82%	18.34%	41.38%
Profile Performance	2.10%	2.45%	2.07%	0.26%	-1.06%	2.09%	3.67%	0.52%	0.61%	0.90%	-2.57%	-0.75%	2.30%	10.61%	25.70%
Benchmark	2.31%	2.67%	1.97%	0.75%	-0.64%	2.49%	4.25%	0.32%	0.54%	0.76%	-2.61%	-0.62%	2.54%	12.70%	31.16%

\* Benchmark

(80% IMA-S + 10% IRF-M + 10% IMA-B5) since July 2018

(15%IRF-M + 55%IMA-S + 20%IMA-B5 + 10%IMA-B5+) from July 2017 to June 2018

(50% IMA-S + 50% IMA-B) from Jan 2017 to Jun 2017

(20%IMA-S+14.4%IRF-M1+25.6%IRF-M1+ +30%IMA-B5+10%IMA-B5+) from Jan 2015 to Dec 2016.

Previous benchmark was IMA-G ex-C

