



English Version

S&P 500  
+  
IBOVESPA



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# What is the best investment?



English Version

## Ibovespa or S&P 500? Brazil or USA?

Many people ask me about it, so I decided to quantify with an historical series.

Let's take an example of a trader who decided to invest USD 10,000 on the last business day of 2014 in **S&P 500** and another investor the same amount in **IBOVESPA**. How much each one would have on the first business day of 2019? We look at the chart on the next page.

**S&P 500:** The S&P 500 is an index composed of 500 NYSE or NASDAQ listed shares created by Standard & Poor's qualified due to their market size, liquidity, and industry group representation.



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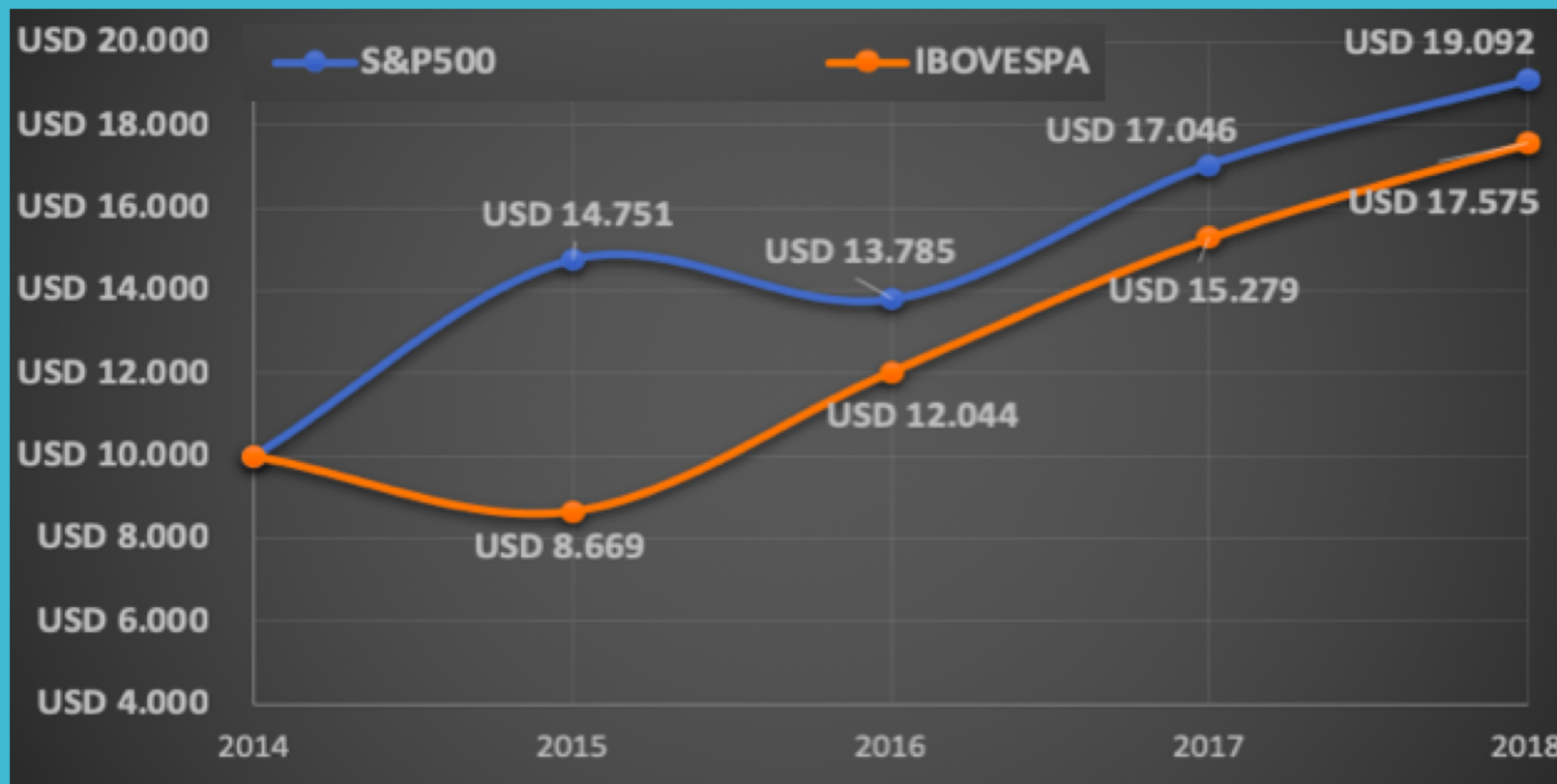


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# S&P 500 x IBOVESPA



English Version



As the chart above you can see that the profitability of the S&P 500 was better throughout the period and that in 2015 had a significant gain in the S&P 500 (+ 47%) and also a considerable loss in IBOV (- 13%).



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# S&P 500 x IBOVESPA



English Version

The Compound Annual Growth Rate (CAGR) was 18% for the S&P 500 and 15% for the IBOVESPA respectively, i.e. the IBOV investor would have a position of USD 17,575 in 2019 while the S&P 500 investor would have a position of USD 19,092.

This doesn't mean that past results justify future results, so let's compare the two stock indexes:

INDEX	S&P500	IBOVESPA	S&P500/IBOV
Companies	500	67	<b>8 x</b>
Total Companies Capital	USD 20 Tri	USD 400 Bi	<b>50x</b>
Stocks movement/day	USD 130 Bi	USD 2 Bi	<b>65x</b>
5 Stocks % Index	14,9%	48,1%	<b>S&amp;P with more diversified stocks</b>



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# S&P 500 x IBOVESPA



English Version

In the world stock markets, the time that will define its strategy, that is, in the long term, the CAGR will be increasing and the more companies and more diversified the sectors of the economy, the greater this convergence of growth will be, as a sector of the economy in high balances with an another down.

The five most significant IBOV papers represent approximately 48% of the portfolio while the 5 roles in the S&P500 represent approximately 15% of the portfolio as shown below:

S&P500	Share %	IBOVESPA	Share %
Microsoft	4,3%	Itau/Itausa	12,8%
Apple	4,3%	Petrobras ON+PN	12,3%
Amazon	2,9%	Vale	8,4%
Facebook	1,8%	Bradesco ON+PN	9,3%
JPMorgan	1,6%	B3	5,3%
<b>5 Companies</b>	<b>14,9%</b>	<b>5 Companies</b>	<b>48,1%</b>



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# S&P 500 x IBOVESPA



English Version

Considering the larger number of companies, sectors and the lowest concentration of the same in S&P 500 becomes more diversified application than IBOV which becomes more suitable for medium and long term.

Following the diversification strategy, and considering only these 2 world stock indexes, a good choice would be allocate some of them as shown in the chart on the next page.

**50% S&P 500**

**50% IBOVESPA**



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# 50% S&P 500 x 50% IBOVESPA



English Version



The investor would have USD 18,334 on the first working day of 2019 but with greater consistency and growing due to its greater diversification.



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# S&P 500 x IBOVESPA



English Version

*Investing is an art and a way to allocate their resources will depend on your short, medium and long-term vision*

*Let's start investing now?*

Thanks in advance,



Fábio Gonçalves

**Fábio Coutinho Gonçalves**  
Sócio



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