1- Macroeconomic Scenario

The economic recovery has been consolidating in the United States and Europe. In emerging markets, the momentum is positive but growth remains weak.

The activity in the United States is improving without pressuring the labor market, keeping the yield on 10 year treasury bonds at moderate levels. March data indicate an economic recovery after the slowdown caused by winter. It is expected a significant improvement in Q2 GDP (3.7% annualized vs. 1.1% in Q1). The projection of GDP growth is 2.8% for 2014 and 3.1% in 2015. Increase of interest rates expected in Q2 2015, which is in line with signs from the FED (Federal Reserve).

In the Euro Area, economic activity continues to recover, despite the recent geopolitical turbulence. The projection of GDP growth is 1.3% in 2014 and 1.7% in 2015, from -0.4% in 2013. Low inflation could provoke some action on the part of European Central bank (ECB) in the coming months. The monetary authority emphasized that very low inflation for a prolonged period could harm the region's economic recovery, making clear that it could adopt traditional and nontraditional measures to reduce the risk of deflation.

Moving to Asia, the GDP data for the Q1 confirmed the deceleration of activity in China, leading the government to adopt more stimulus measures. China's GDP growth was 7.4% in Q1, vs 7.7% in the previous quarter. Faced with weaker numbers, the government announced various measures such as: support for rural areas, tax benefits for small businesses, permission and incentives for private capital to invest in areas previously restricted to the public sector. In Japan, the central bank (BoJ) maintained its asset purchase program intact, although revised GDP projection for the 2013 fiscal year from 2.7% to 2.2% and 1.4% to 1.1% for 2014.

In the internal scenario, Brazil has been particularly favored by capital inflows, leading to a reduction in country risk and an exchange-rate appreciation. Concern about inflation remains and government's approval rating continues to decline. Major events that marked the month of April:

- **Inflation**: *food and regulated prices brought additional pressure* – Consumer price index (IPCA) was reported at 0.67% in April, from 0.92% in March. 12-month IPCA accelerated from 6.15% to 6.28%, getting closer to the upper limit of the inflation target. The overall inflation picture remains difficult, with price increases in most groups included in the index running above the ceiling of the inflation target.
- **Interest Rate**: *an end to the cycle, if allowed by food inflation* – The Brazilian central bank's monetary policy committee (Copom) decided in early April to raise the Selic rate by 25 bps, to 11.00%. Importantly, the Copom changed the post-meeting statement to signal the end of the tightening cycle – but the persistence of the current food inflation shock could lead to an additional interest-rate hike.
- **Economic Activity** *slowed during the Q1 and business and consumer confidence continues to fall* – The rate of industrial production growth decelerated to 0.4% in February, following the strong 3.8% reported in January. However, the growth seen over the first two months of the year does not constitute a trend, as it only brought production growth back to the level observed before the sharp decline of December. Retail sales also decelerated in February. The indicators already available for March point to a decline in industrial production and retail sales in the month. – The business confidence indicator for the services sector published by Fundação Getúlio Vargas (FGV) fell by 3% in April. Business confidence in the services sector had been relatively stable until this month, in contrast with

business confidence in the industrial sector, which has been on a downward trend since mid-2013. Consumer confidence also fell in April, according to FGV. Industrial, services and consumer confidence indicators are at their lowest levels since the first half of 2009, when the economy was still recovering from the global financial crisis.

- **Unemployment Rate** *remains low, and wage gains accelerate* **–** The unemployment rate stood at 5.0% in April. In seasonally adjusted terms, unemployment reached 4.8%, the lowest level of the historical series, which started in 2002. Once again, the lower unemployment rate was due to the decline of the labor force (-0.6% yoy), as the level of employment remained constant. Average income and the real wage bill continue to grow, albeit at more moderate rates than in recent years.

- **Current account deficit** *stabilizes, while capital inflows to fixed income accelerate* **–** The current account posted a USD 6.2 billion deficit in March, in line with market expectations. Over the last 12 months, the deficit stood at USD 81.6 billion. These results suggest that the deficit has stabilized in recent months, after showing significant increases throughout 2013. In the capital account, foreign direct investment (FDI) came in better than expected, reaching USD 5.0 billion for the month. Inflows to fixed income accelerated to USD 6.4 billion in March. Inflows to equities were also positive.

- **Exchange Rate** *appreciation is temporary but may last longer* **–** BRL in April held to the strengthening trend that began in February. It is related to a global movement of stronger emerging currencies, higher domestic interest rates and the perception by some international investors that certain Brazilian assets were excessively depreciated. A stronger currency may help in the fight against short-term inflationary pressures. However, although it may last longer, the BRL appreciation is seen as temporary. The reasons for this view are the U.S yields will eventually resume an upward trend, driving the USD up globally. On the domestic front, a relatively-wide current account deficit, uncertainties involving economic adjustments ahead and the electoral calendar are key factors that should cause the BRL to weaken again.

- **Fiscal Policy:** *March result confirms weaker fiscal performance in Q1* **–** The public sector posted a primary surplus of BRL 3.6 billion in March, slightly above market estimates. With the result, the primary surplus reached 2.1% of GDP in 1Q14, below the average of the past five years (3.2%) and the 1Q13 figure (2.8%).

- **Presidential Elections:** *The government's approval rating retreats again, and the gap between President Rousseff and other candidates narrows* **–** According to the CNT/MDA poll released at the end of April, President Dilma Rousseff's approval rating has fallen to 32.9%, down from 36.4% in February. In terms of voting intentions, Dilma continues to lead, but the distance between her and the other candidates has narrowed. According to the poll, Dilma received 37% of voting intentions, followed by Aécio Neves with 22% and Eduardo Campos with 12%.

Key Macroeconomic Indicators

	2008	2009	2010	2011	2012	2013	2014(f)
GDP							
Real GDP growth	5,1%	-0,3%	7,5%	2,7%	1,0%	2,3%	1,7%
Per capita GDP (USD)	8.717	8.469	11.068	12.863	11.585	11.470	11.133
Labor market							
Unemployment rate (IBGE) -avg	7,9%	8,1%	6,7%	6,0%	5,5%	5,4%	5,7%
Inflation							
IPCA (IBGE)	5,9%	4,3%	5,9%	6,5%	5,8%	5,9%	6,4%
Interest rates							
Selic (end of period)	13,75%	8,75%	10,75%	11,00%	7,25%	10,0%	11,25%
Real interest rate	6,2%	5,4%	3,7%	4,8%	2,4%	2,2%	4,0%
Exchange rate							
BRL/USD (year end)	2,34	1,74	1,67	1,88	2,04	2,35	2,45
BRL/USD (year avg.)	1,83	2,00	1,76	1,67	1,95	2,16	2,35
External sector							
Trade Balance (USD bn)	24,7	25,4	20,3	29,8	19,5	2,6	3,0
- Exports (USD bn)	197,9	153,0	201,9	256,0	242,6	242,2	250,0
- Imports (USD bn)	173,2	127,6	181,6	226,2	223,1	239,6	247,0
Current account (USD bn)	-28,3	-24,3	-47,5	-52,5	-54,2	-81,4	-80,0
Foreign direct investment (USD bn)	45,1	25,9	48,5	66,7	65,3	64,0	60,0
International reserves (USD bn)	206,8	239,1	288,6	352,0	379,0	374,0	383,0
External debt (USD bn)	198,4	202,3	255,7	261,5	296,4	331,0	365,0
Sovereign rating (S&P)	BBB-	BBB-	BBB-	BBB	BBB	BBB	BBB-
Fiscal accounts							
Primary fiscal result (%GDP)	3,5%	2,1%	2,8%	3,1%	2,4%	1,9%	1,7%
Net public sector debt (%GDP)	38,4%	42,9%	40,4%	36,5%	35,1%	33,8%	34,1%

Sources: Itaú, Focus Research (Central Bank)

2- Monthly Financial Indicators

Indice	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014	Last 12m	Last 24m	Last 36m
CDI (interbank deposit)	0,84%	0,78%	0,76%	0,81%									3,23%	9,11%	17,19%	30,38%
IMA-Geral ex-C*	-0,79%	2,64%	0,69%	1,60%									4,16%	2,28%	13,81%	33,79%
Ibovespa	-7,51%	-1,14%	7,05%	2,40%									0,23%	-7,68%	-16,50%	-21,96%
IBrX **	-8,15%	-0,32%	6,89%	2,71%									0,52%	-1,38%	-0,41%	-0,75%
Saving Accounts	0,61%	0,55%	0,53%	0,55%									2,26%	6,62%	13,24%	21,59%
USD	3,57%	-3,83%	-3,02%	-1,19%									-4,55%	11,69%	18,18%	42,10%
CPI (IPCA)	0,55%	0,69%	0,92%	0,67%									2,86%	6,28%	13,18%	18,96%
IGP-DI (FGV)	0,40%	0,85%	1,48%	0,45%									3,21%	8,10%	15,49%	19,96%
Actuarial Target***	0,73%	1,18%	1,81%	0,78%									4,57%	12,42%	25,71%	37,11%

* Previ Novartis benchmark for fixed income
** Previ Novartis benchmark for equities
*** IGP-DI + 4% p.a.

3- Investments

Investments

Asset Manager	Fixed Income		Equities		Total	
	BRL mio	%	BRL mio	%	BRL mio	%
Bradesco	252,8	33,4%	45,9	6,0%	298,7	39,4%
Itaú Unibanco	152,4	20,1%	32,3	4,3%	184,7	24,4%
Western	226,9	30,0%	47,1	6,2%	274,0	36,2%
Total	**632,1**	**83,5%**	**125,3**	**16,5%**	**757,4**	**100,0%**

Allocation in Equities

	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
Previ Novartis	19%	19%	19%	17%	17%	18%	17%	17%	17%	17%	18%	17%
Market*	18%	17%	18%	16%	18%	18%	18%	17%	16%	17%	17%	ND

* Source: Club of Investments Tow ers Watson (median)

4- Performance

Portfolio Previ Novartis - performance by type of investment

Segment	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014	Last 12m	Last 24m	Last 36m
Fixed Income	-0,90%	2,74%	0,65%	1,63%									4,15%	1,52%	13,29%	33,97%
Equities	-8,19%	-0,46%	6,00%	2,86%									-0,36%	-2,18%	1,04%	-0,60%
Total	**-2,16%**	**2,20%**	**1,58%**	**1,84%**									**3,44%**	**0,97%**	**10,80%**	**26,23%**

Quota Previ Novartis - net performance

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014	Last 12m	Last 24m	Last 36m
Profitability %	**-2,17%**	**2,18%**	**1,55%**	**1,84%**									**3,38%**	**0,85%**	**10,61%**	**25,95%**

The portfolio of Novartis Pension Fund continued its growth trajectory in April, for the third consecutive month. The return was +1.84% in April, accumulating +3.44% in the period January-April 2014 and ahead of inflation.

The electoral scenario and polls for government approval and voting intentions continue to cause volatility in the Brazilian market. The stock market and fixed income will still suffer the impact of this volatility during the year.

5- Fixed Income

Asset Manager	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014	Last 12m	Last 24m	Last 36m
Bradesco	-0,76%	2,56%	0,62%	1,55%									4,00%	1,18%	13,15%	33,61%
Itaú Unibanco	-0,80%	2,66%	0,71%	1,69%									4,30%	2,64%	13,81%	33,90%
Western	-1,12%	2,99%	0,63%	1,68%									4,20%	1,25%	13,16%	34,49%
Benchmark IMA-Geral ex-C	-0,79%	2,64%	0,69%	1,60%									4,16%	2,28%	13,81%	33,79%

The Brazilian market interest rates had a positive month in response to a decrease in risk aversion among investors. The 10-year bonds of U.S. Treasury were traded around 2.60%, and this low level favored the flow of investment to emerging markets. In this environment, the assets of countries with attractive interest rates, as Brazilian bonds, have benefited.

Internally, the minutes of the Monetary Policy Committee held in April brought a less conservative tone, which combined with the weak activity data, overthrew the interest rates. DI's futures contracts of medium and long term dropped by 0.20%. The bonds indexed to inflation followed the same downward trend of nominal interest rates.

Bradesco was the only asset manager that did not hit the benchmark in April, reinforcing its position as the worst manager of Previ Novartis' fixed income portfolio in the last 3 years.

According to the Net Quant investment's club, of Towers Watson, the performance of Previ Novartis fixed income portfolio in Q1 2014 was placed in the 18th position among 33 funds with the same benchmark. Analyzing longer periods, the performance of Previ Novartis was excellent compared to other funds: in the last 3 years, in 3rd position among 22 funds and, in the last 5 years, 3rd position among 20 funds.

6- Equities

Asset Manager	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014	Last 12m	Last 24m	Last 36m
Bradesco	-8,15%	-0,50%	5,95%	2,77%									-0,49%	-1,93%	1,90%	2,41%
Itaú Unibanco	-8,26%	-0,29%	6,25%	2,83%									-0,06%	-1,19%	1,43%	1,19%
Western	-8,17%	-0,54%	5,88%	2,97%									-0,42%	-3,25%	-0,30%	-4,72%
Benchmark IBrX	-8,15%	-0,32%	6,89%	2,71%									0,52%	-1,38%	-0,41%	-0,75%

The Brazilian stock market rose for a second consecutive month in April, due to a combination of: i) strong performance in emerging markets and, ii) a potential change on the electoral scenario. Investors are now considering a possible second round, which has been a positive factor for the stock market. The IBrX rose 2.71% to 21,406 points, reversing losses in 2014, increasing by 0.52% in the period Jan-Apr14. The month was also marked by the inflow of foreign capital in the Brazilian market, BRL 1.9 billion, and totaling a surplus of BRL 5.3 billion in the year. This capital inflow has helped to maintain the appreciation of the local currency.

In April, the positive highlights were state-owned companies, since they could be benefited from the declining popularity of the government. Oil (Petrobrás PN +11.7%), Electricity (Eletrobrás PN +15.9%, Eletropaulo +11.5% and Cemig +11.5%) and banks (Santander +18.5%, Itaú Unibanco PN +8.6% and Bradesco PN +6.4%) had strong performance. On the other hand, the negative highlights were the export sectors such as Steel (Usiminas PN -14.7%, CSN -13.0% and Gerdau PN -7.9%) and Pulp & Paper (Suzano -13.3% and Fibria -12.0%), due to the appreciation of the BRL vs. USD.

We believe that the stock market will remain quite volatile, with risks coming from the timing of the interest rate increase in the U.S., the recent signs of slowing in Chinese economy and, in particular, the deterioration of important macroeconomic variables, the electoral scenario and the risk of energy rationing in Brazil.

In April, all asset managers exceeded the benchmark, reversing the poor performance in the Q1 2014.

According to Net Quant investment club, of Towers Watson, the performance of Previ Novartis equity portfolio was placed in 21st position among 48 funds with the same benchmark, in the period of 12 months (Apr13 – Mar14). In the last 3 years, in 10th position among 32 funds and, in the latest 5 years, in 10th position among 27 funds.

7- Global Performance per Asset Manager

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014	Last 12m	Last 24m	Last 36m
Bradesco																
Profitability	-1,98%	2,00%	1,59%	1,75%									3,35%	0,64%	10,76%	26,78%
Equity allocation*	16,1%	18,2%	19,0%	15,4%									17,2%	15,4%	18,1%	18,5%
Itau Unibanco																
Profitability	-2,11%	2,17%	1,61%	1,88%									3,53%	2,15%	11,33%	26,80%
Equity allocation*	16,7%	16,3%	17,2%	17,5%									16,9%	19,3%	20,7%	20,7%
Western																
Profitability	-2,38%	2,39%	1,49%	1,90%									3,37%	0,37%	10,26%	24,97%
Equity allocation*	16,8%	16,3%	17,0%	17,2%									16,8%	18,5%	20,2%	21,0%

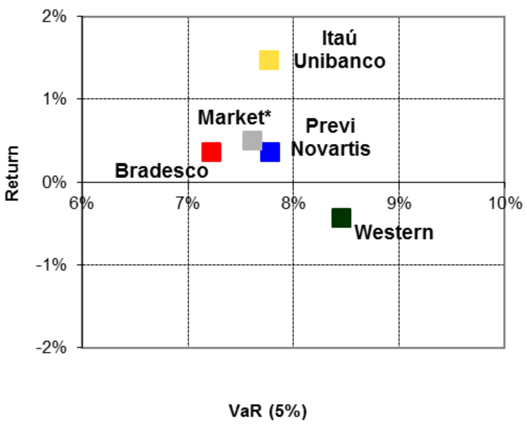
* The asset manager is free to decide the allocation in equities within the limits between 10-25%, according to the current investment policy

8- Risk Analysis

VaR (5%) - 12 months (Abr/13 to Mar/14)

Asset Manager	Fixed Income	Equities	Global
Bradesco	6,70%	24,75%	7,22%
Itaú Unibanco	6,78%	25,48%	7,77%
Western	7,50%	26,86%	8,45%
Previ Novartis	7,02%	25,70%	7,78%
Market*	6,71%	25,48%	7,61%

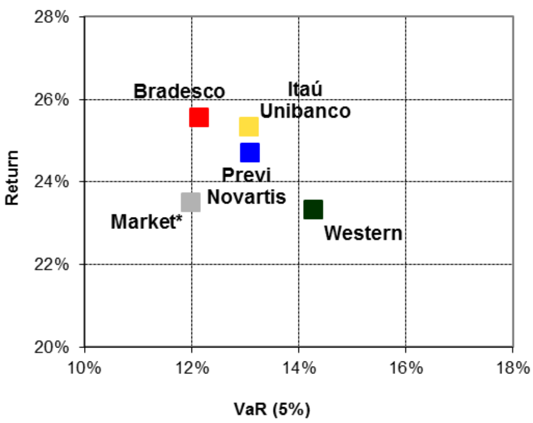
* Source: Club of Investments Towers Watson



VaR (5%) - 36 months (Abr/11 to Mar/14)

Asset Manager	Fixed Income	Equities	Global
Bradesco	8,17%	50,65%	12,14%
Itaú Unibanco	8,37%	51,87%	13,06%
Western	8,80%	56,04%	14,27%
Previ Novartis	8,32%	53,03%	13,08%
Market*	7,86%	52,41%	11,99%

* Source: Club of Investments Towers Watson



9- Information about participants

Sponsors and participants

Sponsors	Active Members	Vesting	Retired members	Total
Novartis Biociências	2.055	316	439	**2.810**
Sandoz	456	71	10	**537**
Saúde Animal	118	20	18	**156**
Gerber*	0	3	0	**3**
Previ Novartis	0	1	1	**2**
Total	**2.629**	**411**	**468**	**3.508**

Active members distribution

Plan of benefits	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
Plan A	16%	16%	15%	15%	15%	15%	15%	16%	16%	16%	16%	15%
Plan D	84%	84%	85%	85%	85%	85%	85%	84%	84%	84%	84%	85%

Retired members by type of benefits

Payment options	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
Lifetime annuity	74%	75%	76%	74%	74%	74%	74%	75%	74%	75%	68%	75%
Financial income	26%	25%	24%	26%	26%	26%	26%	25%	26%	25%	32%	25%

** Base at the benefit value.

10- Other Subjects

Financial Statements at December 31, 2013 and Independent Auditor's Report

PwC concluded in April, the audit of the 2013 financial statements.

In their opinion, the financial statements present fairly, in all material respects, the consolidated financial position of Previ Novartis and individual position by benefit plan as at December 31, 2013 and also the consolidated performance and by benefit plan of its operations for the year then ended, in accordance with accounting practices adopted in Brazil, applicable to the entities regulated by the National Council for Pension Funds (CNPC).