

The local market ended March with modest results when compared to international market. After the announcement of an ambitious Welfare Reform, the focus is in the government's ability to align and coordinate congressional support. In order to test the Congress support, it was necessary to wait for the Reformation to be sent to the military. The proposal, sent on March 20th, was above expectations, but accompanied by a career readjustment package, which, in most part, annul the economy that will be generated by the reform. In that same day, Ibope research was released showing a decrease in government popularity. Since then, the government has been facing difficulties in its communication and articulation with the Congress: (1) Moro and Maia's disagreement about the anti-corruption package; (2) the preventive prisons of Temer and Moreira Franco (Maia's father-in-law); and (3) government defeats, with large majority, in the voting in 2 shifts of the tax budget (448-3 / 453-6). Besides the scenario of uncertainty about the reforms, the economic activity results were below the expectations and also, the inflation was above expectations, which indicated that its low trajectory was left behind.

The most significant market movement in March occurred in the long-term assets: Real Estate and long duration Treasuries. The support offered by the Central Bank is being decisive to maintain market price consistency, considering the economic scenario deterioration in the first quarter of 2019. The latest activity data from US, and mainly, Europe and China justify the measure adopted over the past month: (i) FED: interest rate maintenance throughout 2019 + QT (quantitative tightening); (ii) ECB: announcement the TLTRO III program; (iii) China: cut in the bank accounts rate and measures to support liquidity, the government announced the reduction on VAT and in the social security taxes. The expectation is these measures will be able to perform an increase in the economy activity. As a negative highlight in march, Gold is pointed out, as well as commodities.

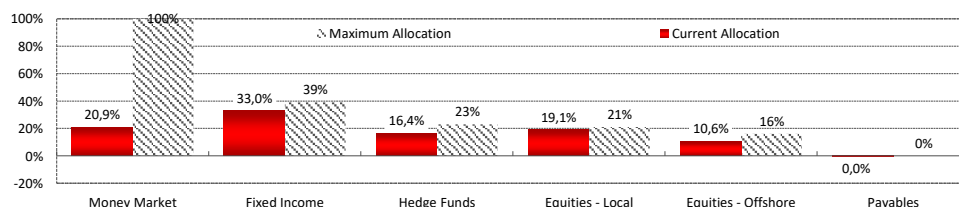
BA&ES local portfolio showed a positive return of + 0.8%, and accumulated a gain of +5.0% in 2019, above its benchmark. The month was positive for most part of the asset classes of the portfolio, especially International Equities (up +5.3% in the month). As a negative highlight, Brazilian Equities returned -0.2%, aligned with IBX, its benchmark -0.1%. Finally, the Local Fixed Income class returned in line with its benchmark. The international portfolio also had a positive performance in February, with a high of +1.0%, again with good International Equities performance.

PORTFOLIO PERFORMANCE - LOCAL (in BRL)

ASSET CLASS	MTD	YTD	Allocation
Money Market - Local	0,5%	1,5%	868.538
Fixed Income - Local	0,6%	3,5%	1.371.453
Hedge Funds - Local	0,0%	2,7%	682.842
Equities - Local	-0,1%	8,4%	791.785
Equities - Intern.	5,3%	13,4%	442.558
Payables	0,0%	0,0%	(965)
Total	0,8%	5,0%	4.156.211

BENCHMARK	MTD	YTD
CDI	0,5%	1,5%
IRF Composto	0,6%	3,6%
IHF Composto	-0,2%	2,2%
IBX	-0,1%	8,6%
MSCI World Unh. (BRL)	5,6%	13,5%
Benchmark	0,8%	4,9%
Inflation IPCA	0,8%	1,5%

ASSET ALLOCATION



PORTFOLIO PERFORMANCE - OFFSHORE (in USD)

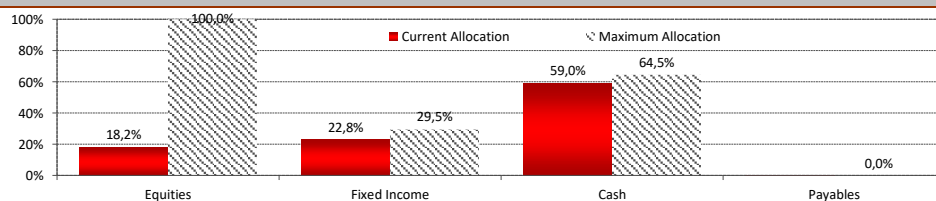
ASSET CLASS	MTD	YTD	Allocation
Fixed Inc. Low Vol	0,2%	0,5%	201.953
Fixed Income	1,9%	3,0%	253.874
Equities	1,0%	12,1%	655.962
Payable	0,0%	0,0%	(665)
Total	1,0%	7,6%	1.111.125

BENCHMARK	MTD	YTD
RF LV COMP	0,3%	0,8%
Barclays Global	1,8%	3,0%
MSCI WORLD	1,3%	12,5%
BENCHMARK	1,3%	8,1%
CPI	0,0%	0,2%

The benchmark of the offshore portfolio is based on weighted average of international benchmarks for each asset class, considering the average allocation (between the minimum and maximum expected allocation) expressed on its investment policy. To calculate the benchmark, the MSCI World Unhedged was employed, since it is the only investable.

*Using mtd forecast

ASSET ALLOCATION



GROWTH AND CURRENT ACCOUNT - LOCAL PORTFOLIO (In R\$ Thousands)

GROWTH	2016	2017	2018	2019	ACC
NOMINAL	0,1%	8,7%	7,0%	4,6%	21,7%
REAL	-0,1%	5,5%	3,2%	3,3%	12,3%
IPCA	0,2%	2,9%	3,7%	1,3%	8,4%

CURRENT ACCOUNT	2016	2017	2018	2019
INITIAL	0	3.416	3.712	3.972
Subscriptions	4.099	0	0	0
Withdrawals	0	0	0	0
Account Costs	-29	-64	-32	-6
FINAL	4.285	3.712	3.972	4.156
ACCOUNT COSTS	-0,7%	-1,7%	-0,8%	-0,1%
SPENDING RATE	0,0%	0,0%	0,0%	0,0%

GROWTH AND CURRENT ACCOUNT - OFFSHORE PORTFOLIO (In US\$ Thousands)

GROWTH	2016	2017	2018	2019	ACC
NOMINAL	0,0%	1,5%	-3,3%	7,8%	5,8%
REAL	-0,1%	-0,6%	-5,2%	7,6%	1,3%
IPCA	0,2%	0,0%	1,9%	0,2%	4,4%

CURRENT ACCOUNT	2016	2017	2018	2019
INITIAL	0	1050	1066	1031
Subscriptions	0	1.050	0	0
Withdrawals	0	0	0	0
Account Costs	0	0	0	0
FINAL	1.050	1.066	1.031	1.111
ACCOUNT COSTS	0,0%	0,0%	0,0%	0,0%
SPENDING RATE	0,0%	0,0%	0,0%	0,0%

The difference between the portfolio performance and the portfolio growth is that the latter considers the impacts of transactions and taxes.

