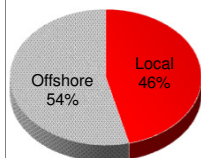


Fixed income continued to be the negative highlight on September, with longer maturity assets showing very poor performance. The US yield curve shifted again, responding to the expectation of new rounds of tariffs, as U.S authorities have failed on bringing China to the negotiation table. On the positive side, the biggest highlight was oil prices, that already reached \$ 85 a barrel. Investors fear an abrupt drop in oil stocks, partly because of production problems in Venezuela, and also because the deadline of effective sanctions against Iran by the United States is getting closer - the government has until November 4th to set a new agreement and prevent sanctions from affecting the oil supply market. It is speculated that the large oil trading activity in Asia is already a sign of these low inventories. Stocks also kept showing good returns, heavily influenced by the strong Japanese stock market performance this month. The foreign investor seems to have regained confidence after Shinzo Abe's re-election.



The local market ended September with a positive result on Equities and short term Fixed Income. The release of several polls throughout the month brought a lot of volatility to the markets. As the proposals of the two major candidates become clearer, investors begin to intensify his bets on the different scenarios. The Brazilian market also suffered from the deepening of Argentina's crisis. Macri's government faced general strikes, and only at the end of the month they reached an agreement with the IMF, improving an initial \$ 50bn lending to \$ 57bn, anticipating the release to 2019, and allowing them to use it for fiscal adjustment. Additionally, the last COPOM meeting should also be highlighted in the local scenario. Although there was no surprise regarding the decision to keep the interest rate stable at 6.50%, the BCB acknowledged in it statement the possibility of having to raise the interest rate in a near future. As the market had been pricing a fairly reasonable premium on the yield curve, this news made the short-end of the curve to fall.

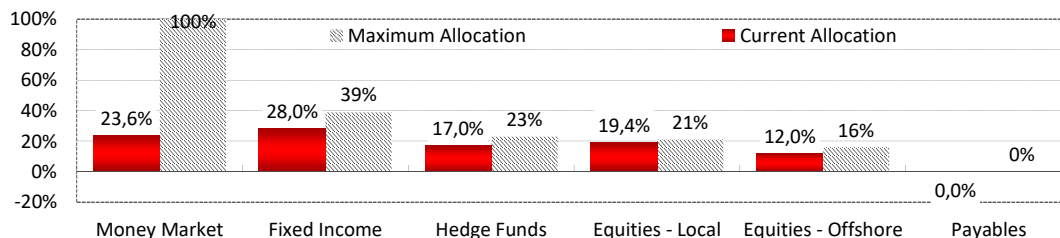
The BA&ES fund's local portfolio registered gains of 0.7% in September - with this result, the portfolio surpassed the CDI, but was slightly below its benchmark. With the exception of International Equities, all other classes presented positive returns: Domestic Equities, particularly, climbed 2.0% in September, reflecting the stock market's recovery at the end of last month. On the other hand, International Equities showed a monthly return of - 0.4%, mainly explained by US Dollar devaluation, once this currency fell 0.9% mtd against the Brazilian Real. In 2018, the local portfolio accumulates nominal gains of 5,2%, and real return of 1,7%. The international portfolio was up 0.4% mtd, slightly above its benchmark. The Fixed Income class did not presented a good performance in September, with losses of - 0.7%, while International Equities kept its positive path, climbing 0,9% mtd and accumulating 8,2% ytd. In real terms, the international portfolio is up 3,1% in 2018.

PORTFOLIO PERFORMANCE - LOCAL (in BRL)

ASSET CLASS	MTD	YTD	Allocation
Money Market - Local	0,5%	4,8%	918.282
Fixed Income - Local	0,6%	3,5%	1.089.330
Hedge Funds - Local	0,4%	5,8%	660.065
Equities - Local	2,0%	-3,1%	752.687
Equities - Intern.	-0,4%	26,8%	467.373
Payables	0,0%	0,0%	(1.055)
Total	0,7%	5,2%	3.886.682

BENCHMARK	MTD	YTD
CDI	0,5%	4,8%
IRF Composto	0,6%	3,9%
IHF Composto	0,5%	4,4%
IBX	3,2%	3,1%
MSCI World Unh. (BRL)	-0,3%	29,0%
Benchmark	1,0%	6,6%
Inflation IPCA	0,5%	3,4%

ASSET ALLOCATION



PORTFOLIO PERFORMANCE - OFFSHORE (in USD)

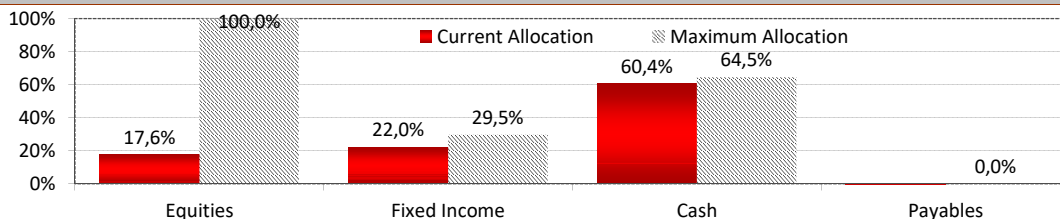
ASSET CLASS	MTD	YTD	Allocation
Fixed Inc. Low Vol	0,1%	0,8%	197.127
Fixed Income	-0,7%	-0,1%	246.220
Equities	0,9%	8,2%	675.314
Payable	0,0%	0,0%	(982)
Total	0,4%	4,7%	1.117.680

BENCHMARK	MTD	YTD
RF LV COMP	0,1%	0,9%
Barclays Global	-0,4%	0,2%
MSCI WORLD	0,6%	7,1%
BENCHMARK	0,3%	4,7%
CPI	0,0%	0,9%

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	ACC
NOMINAL	8,7%	8,7%	4,7%	13,8%
REAL	5,5%	5,5%	1,3%	6,8%
IPCA	2,9%	2,9%	3,4%	6,6%

GROWTH	2016	2017	2018
INITIAL	0	3.416	3.712
Subscriptions	4.099	0	0
Withdrawals	0	0	0
Account Costs	-29	-64	-12
FINAL	4.285	3.712	3.887
ACCOUNT COSTS	-0,7%	-1,7%	-0,3%
SPENDING RATE	0,0%	0,0%	0,0%

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

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

GROWTH	2016	2017	2018
INITIAL	0	1050	1066
Subscriptions	1.050	0	1
Withdrawals	0	0	0
Account Costs	0	0	0
FINAL	1.050	1.066	1.118
ACCOUNT COSTS	0,0%	0,0%	0,0%
SPENDING RATE	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.

