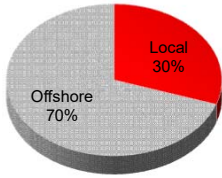


The market correction in October was profound and most asset classes are now negative for the year. Even though we still see positive expansion for the US economy, we are in the middle of a tightening cycle which should lead to a less liquid environment. Some sectors are beginning to feel this movement – for example the housing market is already dealing with higher mortgages rates. Equities markets faced the worst performance in quite some time, but we cannot blame it all on interest rates. The trade dispute with China and higher salaries for workers have also affected the prospective scenario of the companies. Many of them reported good results for this year, but are beginning to review downward their expectations for 2019. Most sectors delivered negative returns, but tech, industrials and energy faced the worst results. Emerging Markets countries are still in the spotlight, after Mexican assets falling hard in October. The announcement of some regulatory changes by the new president, AMLO, scared investors out from the country. To sum up, some current data from China are signaling a weaker economy, and the fear that regulation and higher tariffs are beginning to affect the economy pace.



Surprising many of us, Brazil totally decoupled from international markets during October, especially after the results of the 1st round for the Presidential election. Market prices rebounded strongly after the recognition that the left party (Labor Party) was much weaker than previously expected. Investors that were betting against Brazil had to review their expectations quickly. We still think it is too early to have a constructive view about our country, especially when we consider the huge challenges facing the new government, however the new elected President, Jair Bolsonaro, won over a liberal economy platform: he defends fiscal discipline, less government intervention in the economy ("more Brazil and less Brasilia"), property rights and individual freedom. High probability of a pro-market government, even when we still doubt about a team alignment and implementation capacity by the new government, summed up by an economy in cyclical recovery would present a strong support for current market prices. However, we remain cautious with our view towards Brazil, volatility will keep being present in our market, as local and international environment look vulnerable to the news flow.

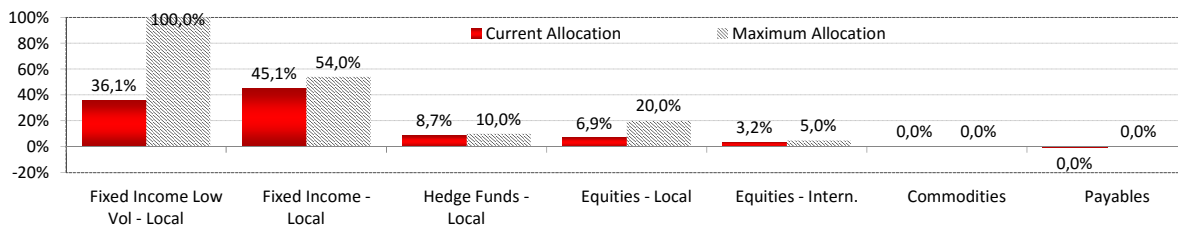
The FT portfolio showed a return of 1.7% in October, when Equities and Fixed Income investments presented good performance, with monthly returns of 8.1% and 3.1%, respectively. The portfolio return is slightly below than its benchmark portfolio, mainly explained by IBX (a significant return of 10.4%). The international portfolio was impacted by the extreme negative performance of international markets, as a result of the trade war between China and US. The Equities class returned the cumulative return over the year due to a fall of 7.4%, thus presenting -2.6% of year-to-date return. The portfolio showed a monthly return of -4.4% and -1.4% annual.

PORTFOLIO PERFORMANCE (in Brazilian Reals - R\$)

ASSET CLASS	MTD	YTD	Allocation (R\$)
Fixed Income Low Vol - Local	0,5%	5,3%	51.441.745
Fixed Income Low Vol - Intern.	0,0%	17,2%	-
Fixed Income - Local	3,1%	8,4%	64.249.842
Hedge Funds - Local	2,1%	8,0%	12.440.024
Equities - Local	8,1%	4,7%	9.754.361
Equities - Intern.	-14,5%	8,4%	4.568.889
Commodities	0,0%	0,0%	-
Payables	0,0%	0,0%	(57.565)
<b>Total</b>	<b>1,7%</b>	<b>6,7%</b>	<b>142.397.296</b>

BENCHMARK	MTD	YTD
CDI	0,5%	5,4%
USD/BRL	0,0%	17,2%
IRF Comp.	4,8%	8,8%
IHF Composto	2,0%	6,4%
IBX	10,4%	13,9%
MSCI World Unh. (BRL)	-14,7%	10,1%
DJUBS Comm.	0,0%	0,0%
<b>Benchmark</b>	<b>2,7%</b>	<b>8,1%</b>
Inflation IPCA	0,5%	3,8%

ASSET ALLOCATION



PORTFOLIO PERFORMANCE - OFFSHORE

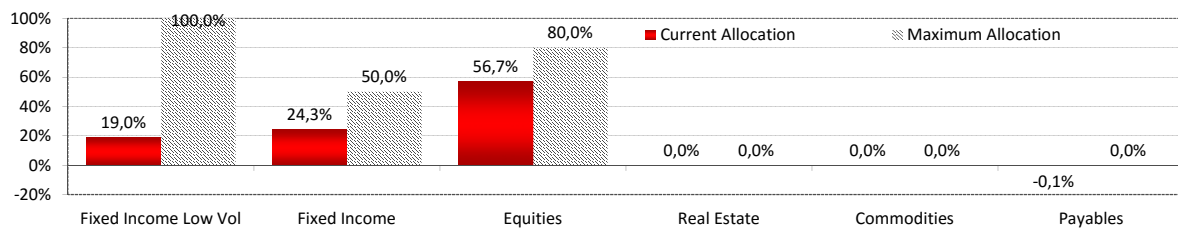
ASSET CLASS	MTD	YTD	Allocation (US\$)
Fixed Inc. Low Vol	0,2%	1,4%	16.876.630
Fixed Income	-0,3%	0,2%	21.567.971
Equities	-7,4%	-2,6%	50.261.822
Real Estate	0,0%	0,0%	-
Commodities	0,0%	0,0%	-
Payable	0,0%	0,0%	(108.922)
<b>Consolidado</b>	<b>-4,4%</b>	<b>-1,4%</b>	<b>88.597.500</b>

BENCHMARK	MTD	YTD
RF LV COMP	0,2%	1,4%
Barclays Global	-0,2%	0,0%
MSCI World	-7,3%	-2,3%
FTSE Nareit Global	0,0%	0,0%
Cmdty Comp.	0,0%	0,0%
<b>Benchmark</b>	<b>-4,3%</b>	<b>-1,0%</b>
CPI*	0,0%	1,6%

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



## TOTAL PORTFOLIO - LOCAL + INTERNATIONAL

ASSET CLASS	MTD	YTD	12M	Total Amount
PORTFOLIO in BRL	1,1%	0,6%	2,3%	253.957.134
PORTFOLIO in USD	0,6%	23,2%	25,9%	78.188.773

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

GROWTH	2015	2016	2017	2018	ACC.
NOMINAL	3,5%	7,8%	-8,6%	-13,0%	-11,3%
REAL	0,7%	1,4%	-11,2%	-16,2%	-24,0%
IPCA	2,8%	6,3%	2,9%	3,8%	16,8%

CURRENT ACCOUNT	2015	2016	2017	2018
INITIAL	0	122.126	145.839	134.468
Subscriptions	118.175	13.419	1.760	37.570
Withdrawals	0	-7.900	-29.700	-25.011
Account Costs	-342	-1.724	-1.189	-383
FINAL	122.126	145.839	134.468	142.397
ACCOUNT COSTS	0,0%	-1,2%	-0,8%	-0,3%
SPENDING RATE	0,0%	-5,8%	-18,9%	-18,2%

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

GROWTH	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	ACC.
NOMINAL	0,5%	4,7%	13,9%	14,2%	-5,0%	9,8%	6,6%	1,0%	5,8%	1,6%	1,4%	-1,4%	8,0%	13,6%	-1,4%	99,6%
REAL	-0,9%	1,3%	11,0%	9,7%	-5,0%	6,8%	5,1%	-1,9%	4,0%	0,1%	0,7%	-2,0%	5,8%	11,2%	-3,0%	49,6%
CPI	1,5%	3,3%	2,5%	4,1%	0,0%	2,8%	1,4%	3,0%	1,8%	1,5%	0,7%	0,7%	2,1%	2,1%	1,6%	33,4%

CURRENT ACCOUNT	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
INITIAL	0	1.503	8.608	11.766	16.817	24.387	26.779	28.538	28.824	30.496	30.991	31.412	31.095	67.678	89.578
Subscriptions	1.500	6.980	1.859	3.134	8.808	0	0	0	0	0	0	111	33.745	11.689	304
Withdrawals	0	0	0	0	0	-9	0	0	0	0	0	0	0	0	0
Costs / Taxes	-1	-20	-43	-64	-65	-9	0	0	0	0	0	0	0	0	0
FINAL	1.503	8.608	11.766	16.817	24.387	26.779	28.538	28.824	30.496	30.991	31.412	31.095	67.678	89.578	88.598
COSTS / TAXES	-0,7%	-0,4%	-0,4%	-0,5%	-0,3%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
SPENDING RATE	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	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.

