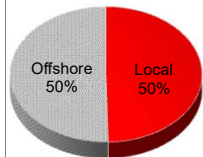


The main characteristic of 2018's financial markets was the increasing volatility, since all assets class ended up with a negative performance, being cash (Treasures 1-3y) the only exception, with a positive performance of +1,6%. In December, special highlight to great oscillation in the long end of the yield curve (Treasures 10-20y), with a month-end performance of +3,8% in December, but still at a 0,00% performance in the year-to-date. Throughout 2018, some of the threats consolidated and became a burden to all asset classes, which explaining such volatility. Among them, we can mention the rate hikes done by FED, 4 hikes of 25 bps in interest rates, crises in the balance sheet of Emerging Markets, trade war between US and China, Europe and its disappointing growth numbers, besides crises in Italy and Brexit, and, last but not the least, great correction in cryptocurrencies and FAANG stocks.



The local Brazilian markets ended 2018 with very positive results, being a highlight the classes with higher risk, the stock market and long interest rates. Fixed Income class continued to benefit itself from a more positive outlook for inflation. In the last COPOM's report, the Central Bank reviewed and downgraded its forecast for inflation and, given the low level of recent activity, signaled that interests rates will remain at the current target of 6,5% throughout 2019. Another positive news for December is related to the shrinking in the government's budget for 2019, the must be reduced by R\$ 20-30 billions. Nevertheless, great part of this variation is due to the fact the compulsory expenditures from the government could not be approved in time, since most of them when lacking proper documentation. However, in general terms, shrinking the government's budget means an improvement in management and control of expenses, which pleases overall the financial market.

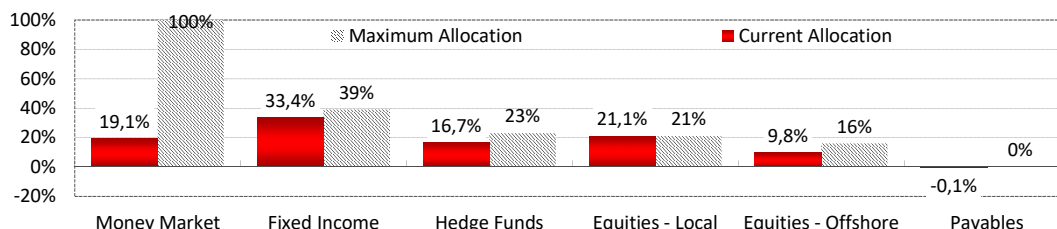
The local portfolio from BA&ES presented a negative return of -0,3%, which led to a nominal return of +8,0% during the year (+4,1%, real return). The month was negative to majority all assets classes, being International Equities asset class a highlight in the portfolio's performance, with a monthly return of -6,8%. Local Hedge Funds asset class had also a negative return (-0,6% in December). On the other hand, Fixed Income had a positive return throughout December (+1,5% in the month). The international portfolio had a negative performance in December, -3,7%, in a month with great volatility to Equities asset class. Year-to-date the portfolio had a performance of 3,4%, while its benchmark portfolio had a performance of -3,2%.

PORTFOLIO PERFORMANCE - LOCAL (in BRL)

ASSET CLASS	MTD	YTD	Allocation
Money Market - Local	0,5%	6,4%	758.705
Fixed Income - Local	1,5%	10,8%	1.325.402
Hedge Funds - Local	-0,6%	7,2%	664.759
Equities - Local	-0,4%	7,6%	836.242
Equities - Intern.	-6,8%	5,6%	389.082
Payables	0,0%	0,0%	(2.056)
Total	-0,3%	8,0%	3.972.135

BENCHMARK	MTD	YTD
CDI	0,5%	6,4%
IRF Composto	1,5%	11,3%
IHF Composto	0,0%	6,6%
IBX	-1,3%	15,4%
MSCI World Unh. (BRL)	-7,4%	7,2%
Benchmark	-0,4%	10,3%
Inflation IPCA	0,1%	3,7%

ASSET ALLOCATION



PORTFOLIO PERFORMANCE - OFFSHORE (in USD)

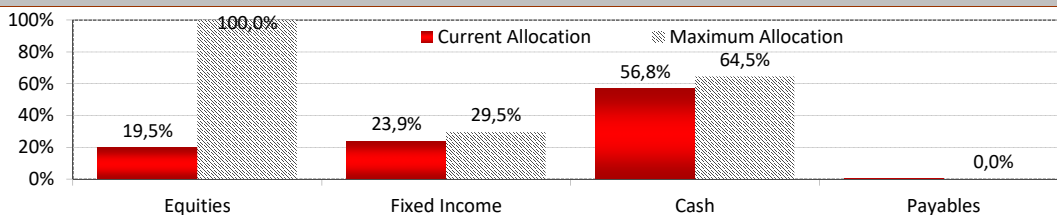
ASSET CLASS	MTD	YTD	Allocation
Fixed Inc. Low Vol	0,2%	1,3%	201.324
Fixed Income	1,7%	1,3%	246.426
Equities	-6,9%	-6,3%	585.044
Payable	0,0%	0,0%	(1.900)
Total	-3,7%	-3,4%	1.030.894

BENCHMARK	MTD	YTD
RF LV COMP	0,3%	1,5%
Barclays Global	1,4%	2,0%
MSCI WORLD	-7,6%	-7,3%
BENCHMARK	-4,1%	-3,2%
CPI	0,0%	1,3%

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%	7,0%	16,3%
REAL	5,5%	5,5%	3,2%	8,8%
IPCA	2,9%	2,9%	3,7%	6,9%

GROWTH	2016	2017	2018
INITIAL	0	3.416	3.712
Subscriptions	4.099	0	0
Withdrawals	0	0	0
Account Costs	-29	-64	-32
FINAL	4.285	3.712	3.972
ACCOUNT COSTS	-0,7%	-1,7%	-0,8%
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%	-3,4%	-1,9%
REAL	-0,1%	-0,6%	-5,3%	-6,0%
IPCA	0,2%	2,1%	2,0%	4,3%

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	1.031
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.

