

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, signalized 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.

In December, Kayapó portfolio ended with the positive performance of +0,6%, in line with its benchmark. The year-to-date performance was of +7,0% (+3,1% above inflation). Majorly, all asset classes in the portfolio presented positive returns, being Fixed Income asset class a highlight in the portfolio's performance, with a monthly return of +1,5%.

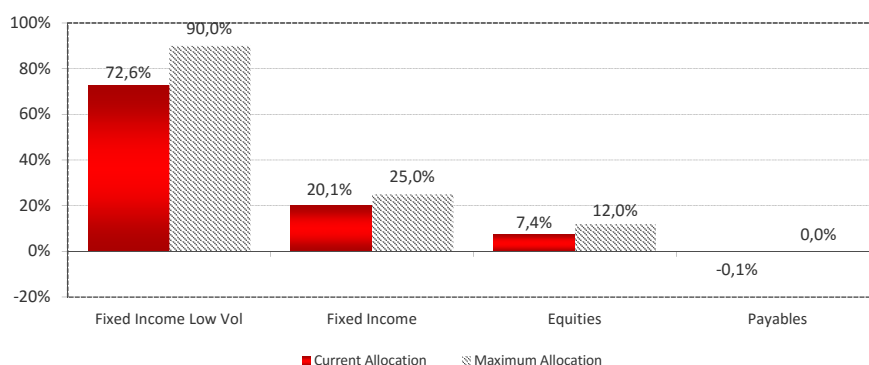
## PORTFOLIO PERFORMANCE - LOCAL (BRAZIL)

ASSET CLASS	MTD	YTD	Allocation (R\$)
Fixed Income Low Vol	0,5%	6,4%	13.838.537
Fixed Income	1,5%	10,8%	3.834.874
Equities	-0,4%	7,6%	1.416.129
Payables	0,0%	0,0%	(22.253)
<b>PORTFOLIO</b>	<b>0,6%</b>	<b>7,0%</b>	<b>19.067.288</b>

BENCHMARK	MTD	YTD
CDI	0,5%	6,4%
IRF Comp*	1,5%	11,3%
IBX	-1,3%	15,4%
<b>Benchmark</b>	<b>0,6%</b>	<b>8,2%</b>
Inflation IPCA	0,1%	3,7%

\* IMA until 29/08/2014

## ASSET ALLOCATION



## GROWTH AND CURRENT ACCOUNT (R\$ Thousands)

GROWTH	2012	2013	2014	2015	2016	2017	2018	ACC.
NOMINAL	8,4%	-1,1%	-1,5%	9,6%	13,6%	-0,8%	2,5%	33,6%
REAL	3,6%	-6,6%	-7,5%	-1,0%	6,9%	-3,7%	-1,1%	-9,8%

ACCOUNT	2012	2013	2014	2015	2016	2017	2018
INITIAL	1.248	15.469	15.295	15.060	16.509	18.756	18.598
Subscriptions	14.365	0	0	0	0	0	0
Withdrawals	0	-729	-1.681	0	0	-1.913	-620
Account Costs	-144	-99	-254	-278	-348	-299	-180
FINAL	15.469	15.295	15.060	16.509	18.756	18.598	19.067
<b>COSTS</b>	<b>-1,6%</b>	<b>-1,7%</b>	<b>-1,9%</b>	<b>-1,7%</b>	<b>-1,9%</b>	<b>-1,6%</b>	<b>-1,0%</b>
<b>RATE</b>	<b>-10,1%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>-9,7%</b>	<b>-3,3%</b>

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

