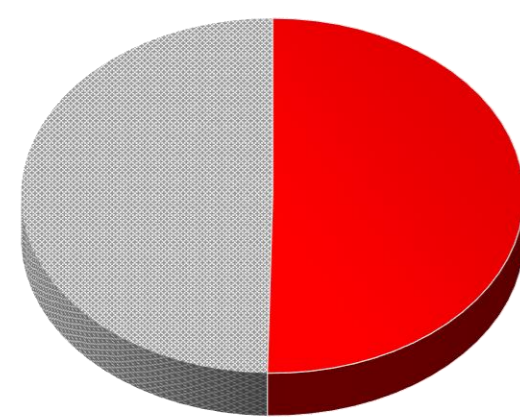


## BAHIA & ESPIRITO SANTO FUND - LOCAL

Offshore  
50%



Local  
50%

In the absence of major news regarding the international market, the local market maintained its positive performance. Highlights to important advances: (1) Social Security Reform approval in 1st shift at Lower House. The second round voting is going to take place after recess: in the first weeks of August; (2) 50-bps interest rate cut by COPOM in the end of the month. The market had already priced the cut, but the action consolidates the view that inflation is anchored; (3) The government's economic team has been discussing how to assist economic growth, such as the announcement of the release of part of the resources in the FGTS and PIS. Despite the limit on the withdrawal amount, it is expected to improve the temperature of economic activity in the country; (4) Finally, during recess, several projects for Tax Reform have been emerging, most of them aiming at simplification and unification of state taxes. Some of these projects are emerging from the Lower House / Senate, regardless of the Government.

The lack of relevant information during the month led the market to a flat behaviour, with minor movement in prices. Economic activity keeps coming out of erratic data - weak numbers in industrial PMI, slightly better in services, commerce and employment. Due to a marginal deterioration in activity, the market expected action from the Central Banks towards interest rate cuts. The ECB thwarted the expectations postponing the rate cuts and / or made asset purchases. The FED, last month, met with the market expectations and cut 25 bps in the rate. The victory of Boris Johnson, elected the new prime minister of the United Kingdom, was not a surprise. However, this fact reinforces the no-deal scenario of the exit of United Kingdom from the European Community, which may cause some geopolitical noise, especially in the stability of the relations of Northern Ireland and Scotland. Meanwhile, the economy in the country remains fragile, and the monetary authorities concerned about the potential volatility that such an event could bring to the market. Despite this, Carney remains confident that there is no solvency risk in the country.

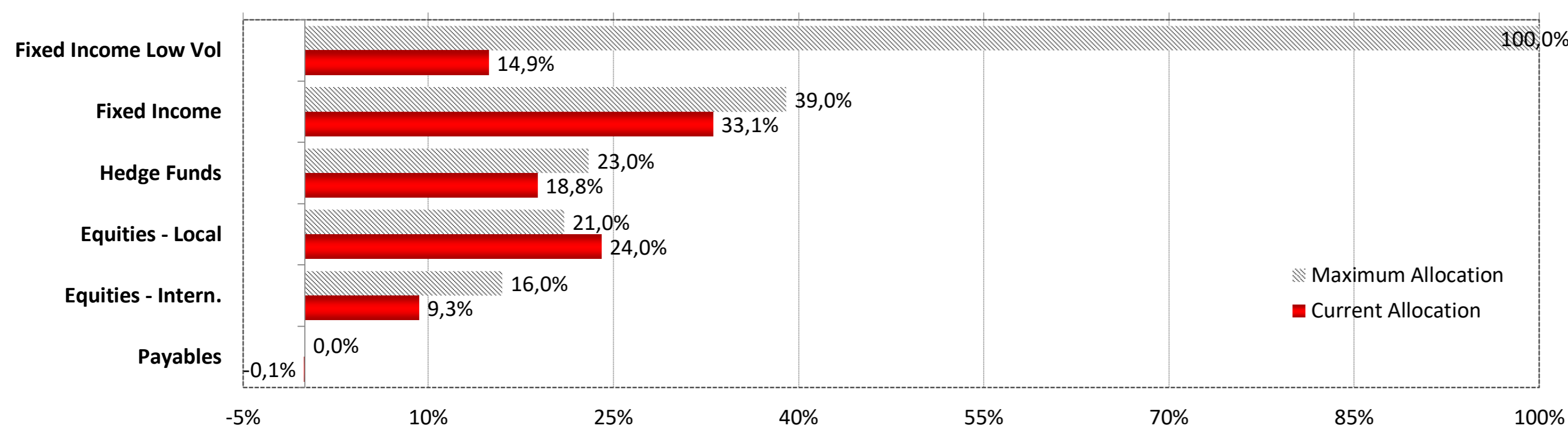
BA&ES local portfolio gained +1.5%, and extended its year-to-date gain to +12.0%, exceeding its benchmark, +10.3%. Most of asset classes recorded gains, mainly Brazilian Equities returned +4.4%, overperforming the IBX, its benchmark that gained +1.2% mtd. On the other hand, International Equities performed negatively with a return of -0.8% but still overperformed the benchmark, -1.5%. The international portfolio had a positive performance, up +0.9%, highlight to International Equities, that recorded gain of +1.3%, above its benchmark, +0.5%.

### PORTFOLIO PERFORMANCE - LOCAL (in Brazilian Reais - R\$)

ASSET CLASS	MTD	YTD	12M	24M	36M
Fixed Income Low Vol	0,6%	3,6%	6,3%	6,7%	7,8%
Fixed Income	1,1%	11,2%	19,0%	14,2%	14,2%
Hedge Funds	0,7%	7,6%	10,0%	9,5%	9,5%
Equities - Local	4,4%	22,8%	35,1%	20,9%	20,9%
Equities - Intern.	-0,8%	15,0%	4,5%	13,0%	13,0%
Payables	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Total</b>	<b>1,5%</b>	<b>11,9%</b>	<b>16,4%</b>	<b>12,1%</b>	<b>12,0%</b>

BENCHMARK	MTD	YTD	12M	24M	36M
CDI	0,6%	3,7%	6,3%	6,8%	7,8%
IRF Comp.	1,2%	11,5%	19,6%	14,8%	14,8%
IHF Comp.	0,8%	6,1%	9,1%	8,2%	8,2%
IBX	1,2%	16,9%	30,9%	23,1%	23,1%
MSCI World (BRL)	-1,5%	14,2%	3,9%	13,4%	13,4%
Inflation IPCA	0,2%	2,4%	3,2%	3,9%	3,6%
<b>BENCHMARK</b>	<b>0,7%</b>	<b>10,3%</b>	<b>15,7%</b>	<b>9,8%</b>	<b>12,5%</b>

### ASSET ALLOCATION - LOCAL



ASSET CLASS	Allocation (R\$)
Fixed Income Low Vol	655.916
Fixed Income	1.455.978
Hedge Funds	829.525
Equities - Local	1.057.803
Equities - Intern.	407.509
Payables	(2.314)
<b>Total</b>	<b>4.404.416</b>

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

GROWTH	2016	2017	2018	2019	ACC.
NOMINAL	0,1%	8,7%	7,0%	10,9%	29,0%
REAL	-0,1%	5,5%	3,2%	8,3%	17,7%
IPCA	0,2%	2,9%	3,7%	2,4%	9,6%

CURRENT ACCOUNT	2016	2017	2018	2019
INITIAL	0	3.416	3.712	3.972
Subscriptions	3.415	0	0	0
Withdrawals	0	0	0	0
Account Costs	0	-64	-32	-32
FINAL	3.416	3.712	3.972	4.404
<b>ACCOUNT COSTS</b>	<b>0,0%</b>	<b>-1,7%</b>	<b>-0,8%</b>	<b>-0,8%</b>
<b>SPENDING RATE</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>

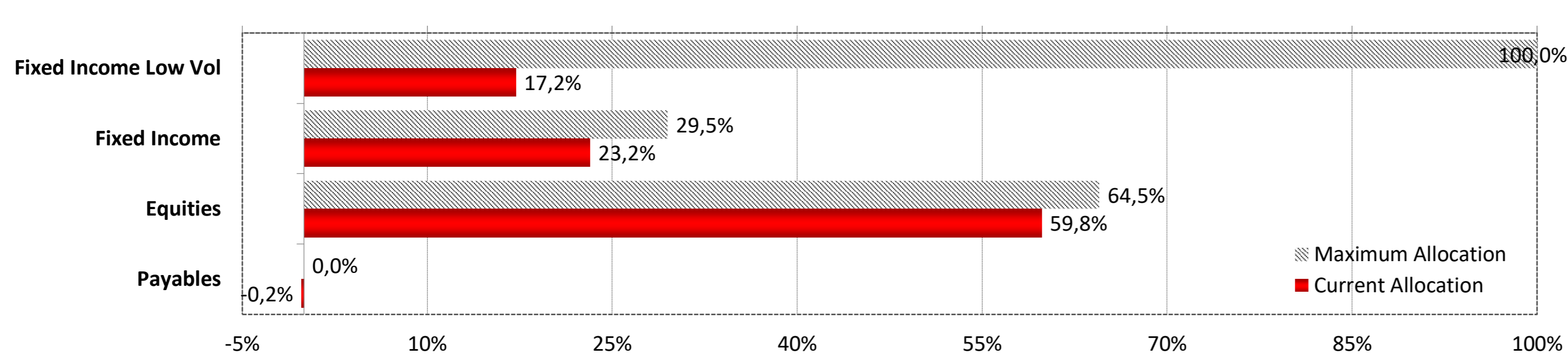
The difference between the portfolio performance and the portfolio growth is that the latter considers the impacts of transactions and taxes.

PORTFOLIO PERFORMANCE - INTERNATIONAL (In US\$ Thousands)

ASSET CLASS	MTD	YTD	12M	24M	36M
Fixed Income Low Vol	0,2%	1,5%	2,4%	2,2%	2,2%
Fixed Income	0,4%	6,5%	8,0%	4,5%	4,5%
Equities	1,3%	18,2%	4,4%	8,0%	8,0%
Payables	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Total</b>	<b>0,9%</b>	<b>11,9%</b>	<b>4,4%</b>	<b>4,5%</b>	<b>3,6%</b>

BENCHMARK	MTD	YTD	12M	24M	36M
RF LV COMP	0,1%	1,8%	2,8%	2,6%	2,6%
Barclays Global	0,8%	6,8%	8,6%	4,9%	4,9%
MSCI World	0,5%	17,6%	3,6%	6,8%	6,8%
CPI	0,0%	1,0%	1,6%	2,3%	2,0%
<b>BENCHMARK</b>	<b>0,5%</b>	<b>12,1%</b>	<b>4,8%</b>	<b>3,4%</b>	<b>3,9%</b>

ASSET ALLOCATION - INTERNATIONAL



ASSET CLASS	Allocation (U\$)
Fixed Income Low Vol	198.474
Fixed Income	268.053
Equities	691.362
Payables	(2.252)
<b>Total</b>	<b>1.155.652</b>

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

GROWTH	2016	2017	2018	2019	ACC.
NOMINAL	0,0%	1,5%	-3,3%	12,1%	10,1%
REAL	-0,1%	-0,6%	-5,2%	11,0%	4,5%
CPI	0,2%	0,0%	1,9%	1,0%	5,3%

CURRENT ACCOUNT	2016	2017	2018	2019
INITIAL	0	1.050	1.066	1.031
Subscriptions	1.050	0	0	0
Withdrawals	0	0	0	0
Account Costs	0	0	0	0
FINAL	1.050	1.066	1.031	1.156
<b>ACCOUNT COSTS</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>
<b>SPENDING RATE</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>

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