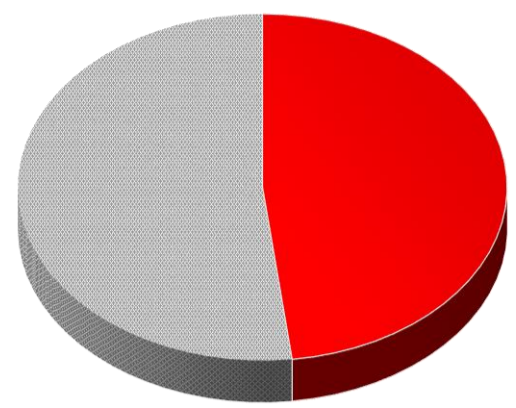


BAHIA & ESPIRITO SANTO FUND - LOCAL

Offshore
52%Local
48%

The domestic market followed the result of the international market, with a positive performance in Fixed Income (flattening of the interest rate) and a correction in the stock market. After the strong performance in 2019, the return of -1.3% can be considered as quite moderate.

The data released over the month disappointed expectations showing that economic activity remains weak. On the other hand, the inflation that increased due to the price of meat in December/2019 has also detracted. January's data showed that inflation continues to behave according to the expected and there has been no price increase in the basket of goods.

Despite the disappointment with the total industry capacity data, the growth revisions for Brazil's GDP remain between 2 - 3%. Confidence, labor market and credit data continue to show encouraging signs. In addition to this positive scenario, the projections of the Debt-to-GDP ratio trajectory for the country indicate stabilization and a probable decrease in the next years, due to the improvement of the economy, or due to the lower cost of debt (lower interest rates).

The highlight of the first month of 2020 was the increase in volatility. The year began with optimism due to the agreement between China and the USA, but soon was intimidated by potential problems that arose during the month, among them: 1. potential conflict between USA and Iran, after attack and death of General Soleimani, important leader in Iran, which led to tensions between the two countries; 2. Brexit was finally made official without higher costs in the market, and finally, 3. The coronavirus outbreak in China spread to other locations, showing a high rate of contagion (despite the lower mortality rate).

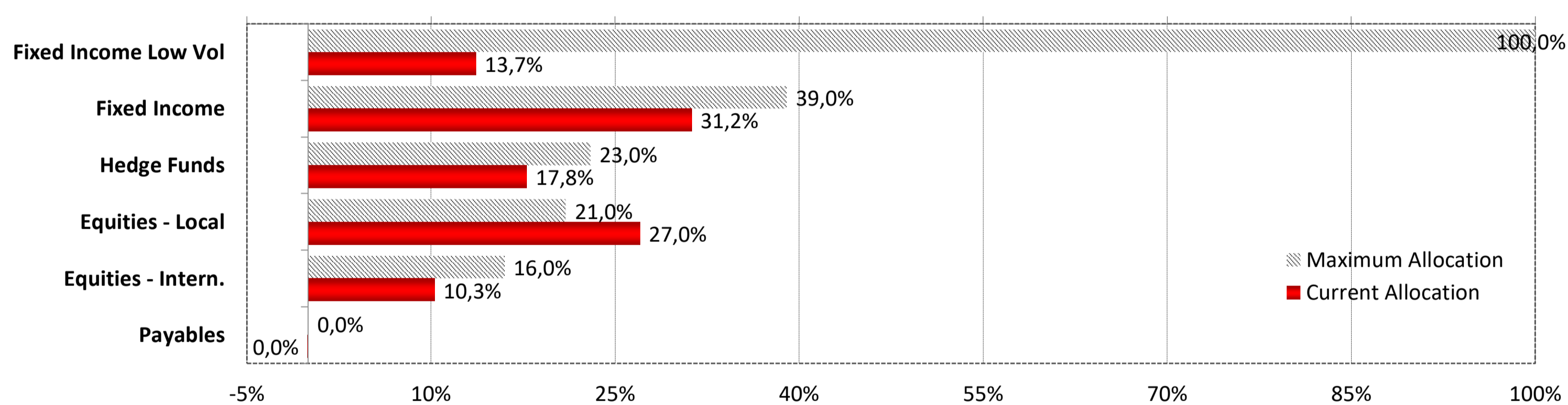
The biggest market reaction was in commodities, mainly because of the potential impact of the virus on the Chinese economy. The isolation of some regions and areas of the country, a quarantine imposed on various services and sectors, and the country's relevance in global value chains, led the markets to reprice the assets exposed to some economic activities.

BA&ES local portfolio gained +2.2%, above its benchmark +0.7%. All asset classes recorded gains: International Equities contributed with +6.2% against its benchmark, +5.9%. In addition, Local Equities recorded gain of +5.1% against its benchmark, -1.3%. The international portfolio also had a positive performance, up +0.2% above its benchmark, +0.1%. The positive highlight was Fixed Income that recorded gain of +1.7%, contributing to the positive performance of the portfolio.

PORTFOLIO PERFORMANCE - LOCAL (in Brazilian Reals - R\$)

ASSET CLASS	MTD	YTD	12M	24M	36M	BENCHMARK	MTD	YTD	12M	24M	36M
Fixed Income Low Vol	0,4%	0,4%	5,7%	6,0%	7,1%	CDI	0,4%	0,4%	5,8%	6,1%	7,2%
Fixed Income	0,5%	0,5%	13,5%	12,4%	13,0%	IRF Comp.	0,6%	0,6%	14,3%	13,1%	13,6%
Hedge Funds	0,2%	0,2%	9,1%	7,9%	9,3%	IHF Comp.	0,6%	0,6%	8,9%	7,7%	8,8%
Equities - Local	5,1%	5,1%	38,7%	24,5%	27,5%	IBX	-1,3%	-1,3%	19,0%	17,2%	23,8%
Equities - Intern.	6,2%	6,2%	38,2%	21,0%	20,5%	MSCI World (BRL)	5,9%	5,9%	38,3%	21,8%	21,2%
Payables	0,0%	0,0%	0,0%	0,0%	0,0%	Inflation IPCA	0,2%	0,2%	4,2%	4,0%	3,6%
Total	2,2%	2,2%	19,4%	14,1%	13,5%	BENCHMARK	0,7%	0,7%	14,9%	8,0%	12,6%

ASSET ALLOCATION - LOCAL



ASSET CLASS	Allocation (R\$)
Fixed Income Low Vol	660.105
Fixed Income	1.509.054
Hedge Funds	860.781
Equities - Local	1.305.591
Equities - Intern.	497.182
Payables	(2.096)
Total	4.830.617

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

GROWTH	2016	2017	2018	2019	2020	ACC.
NOMINAL	0,1%	8,7%	7,0%	19,0%	2,2%	41,5%
REAL	-0,1%	5,5%	3,2%	14,1%	2,0%	26,5%
IPCA	0,2%	2,9%	3,7%	4,3%	0,2%	11,8%

CURRENT ACCOUNT	2016	2017	2018	2019	2020
INITIAL	0	3.416	3.712	3.972	4.728
Subscriptions	3.415	0	0	0	0
Withdrawals	0	0	0	0	0
Account Costs	0	-64	-32	-53	0
FINAL	3.416	3.712	3.972	4.728	4.831
ACCOUNT COSTS	0,0%	-1,7%	-0,8%	-1,2%	0,0%
SPENDING RATE	0,0%	0,0%	0,0%	0,0%	0,0%
Nominal Return	0,1%	10,5%	8,0%	2,2%	19,4%
CPI	0,0%	2,9%	3,7%	0,2%	4,2%
Real Return	0,1%	7,4%	4,1%	2,0%	14,5%

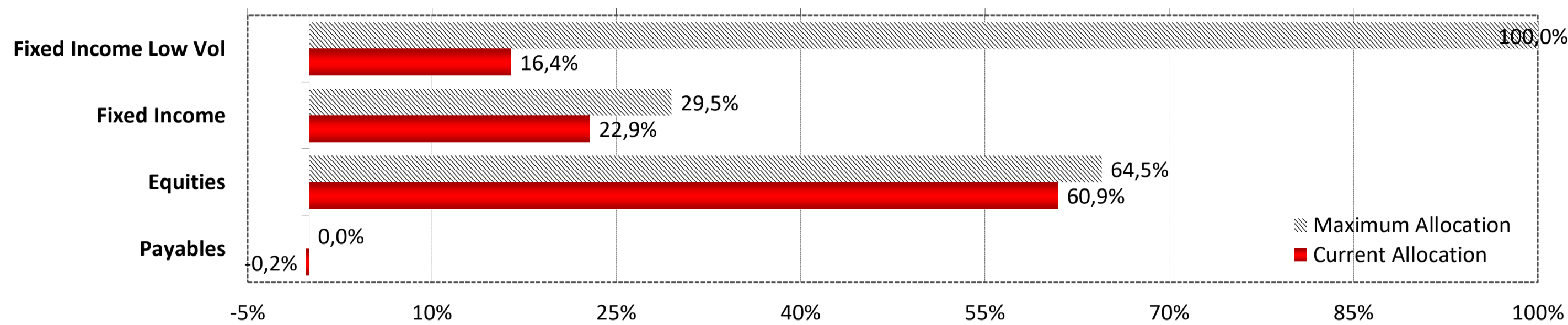
The difference between the portfolio performance and the portfolio growth is that the latter considers the impacts of transactions and taxes.

PORTFOLIO PERFORMANCE - INTERNATIONAL (In US\$ Thousands)

ASSET CLASS	MTD	YTD	12M	24M	36M
Fixed Income Low Vol	0,1%	0,1%	2,4%	2,1%	2,1%
Fixed Income	1,7%	1,7%	9,3%	6,0%	5,2%
Equities	-0,2%	-0,2%	18,1%	9,9%	9,9%
Payables	0,0%	0,0%	0,0%	0,0%	0,0%
Total	0,2%	0,2%	12,7%	6,8%	4,9%

BENCHMARK	MTD	YTD	12M	24M	36M
RF LV COMP	0,2%	0,2%	2,8%	2,5%	2,5%
Barclays Global	1,8%	1,8%	9,0%	6,3%	5,2%
MSCI World	-0,6%	-0,6%	17,7%	9,3%	9,3%
CPI	0,0%	0,0%	2,3%	1,8%	1,9%
BENCHMARK	0,1%	0,1%	13,0%	4,6%	5,0%

ASSET ALLOCATION - INTERNATIONAL



ASSET CLASS	Allocation (U\$)
Fixed Income Low Vol	200.198
Fixed Income	278.413
Equities	742.338
Payables	(2.522)
Total	1.218.427

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

GROWTH	2016	2017	2018	2019	2020	ACC.
NOMINAL	0,0%	1,5%	-3,3%	17,9%	0,2%	16,0%
REAL	-0,1%	-0,6%	-5,2%	15,3%	0,2%	8,8%
CPI	0,2%	2,1%	1,9%	2,3%	0,0%	6,7%

CURRENT ACCOUNT	2016	2017	2018	2019	2020
INITIAL	0	1.050	1.066	1.031	1.215
Subscriptions	1.050	1.050	0	0	0
Withdrawals	0	0	0	0	0
Account Costs	0	0	0	0	0
FINAL	1.050	1.066	1.031	1.215	1.218
ACCOUNT COSTS	0,0%	0,0%	0,0%	0,0%	0,0%
SPENDING RATE	0,0%	0,0%	0,0%	0,0%	0,0%
Nominal Return	0,0%	1,5%	1,5%	-3,4%	12,7%
CPI	0,2%	2,1%	2,1%	1,9%	2,3%
Real Return	-0,1%	-0,6%	-0,6%	-5,2%	10,2%

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