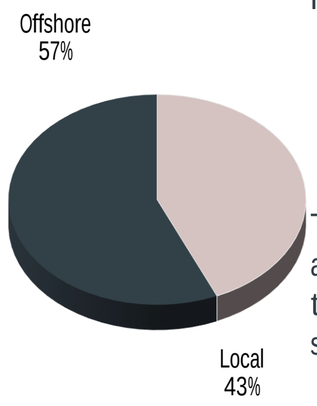
BAHIA & ESPIRITO SANTO FUND - LOCAL

Mar-20

In Brazil, market's reaction followed the international meltdown. As an Emerging Economy, the negative impact in Brazil was even more sharp, with no hedge in the market. Unlike what has always happened in most crisis in the country, this time, our Central Bank kept interest rates low, adding another cut to 3.75%. In the face of an economic activity that was still weak, Brazil suffered a supply shock with deflationary impacts at first, and the Central Bank focused in keeping the credit market liquid, reducing interest rates and also the reserve requirement for banks.



The markets continued to deteriorate, as the coronavirus epidemic spread to other countries and as necessary measures to contain its advance remained in place. In the absence of the capacity of health-care system to support an epidemic of this magnitude, isolation and social distancing started to be adopted by several countries as their main strategy, since several of them failed to adopt this measures earlier. The markets reacted strongly to this isolation: with a worldwide crash and investors seeking protection in the lowest risk asset: American treasury bonds.

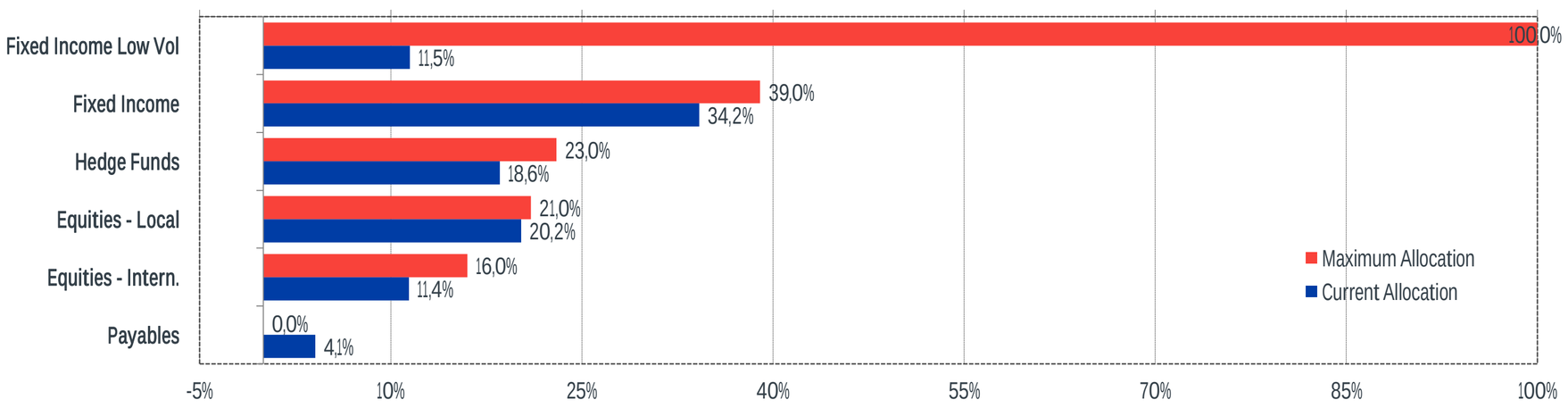
BA&ES local portfolio returned -10.3%, and its benchmark, -7.8%. March recorded losses, mainly due to Local Equities contributed with -30.5% and Hedge Funds, -7.3%. Despite the negative return in the portfolio, the International Equities class was able to protect the portfolio regarding its benchmark, returning +2,6%. The international portfolio also had a negative performance -7.5%. The negative highlight was International Equities that recorded loss of -11.0%, contributing to the negative performance of the portfolio.

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

ASSET CLASS	MTD	YTD	12M	24M	36M
Fixed Income Low Vol	0,3%	0,9%	5,3%	5,8%	6,7%
Fixed Income	-4,4%	-3,4%	8,1%	9,2%	10,1%
Hedge Funds	-7,3%	-8,4%	-0,1%	2,7%	4,4%
Equities - Local	-30,5%	-30,9%	-8,1%	1,5%	4,4%
Equities - Intern.	2,6%	3,5%	20,6%	21,8%	17,6%
Payables	0,0%	0,0%	0,0%	0,0%	0,0%
Total	-10,3%	-10,3%	3,3%	6,7%	8,0%

BENCHMARK	MTD	YTD	12M	24M	36M
CDI	0,3%	1,0%	5,4%	5,9%	6,8%
IRF Comp.	-3,4%	-2,3%	9,9%	10,3%	11,2%
IHF Comp.	-6,2%	-7,2%	0,9%	2,8%	4,3%
IBX	-30,1%	-36,6%	-22,2%	-6,4%	0,5%
MSCI World (BRL)	0,1%	1,9%	19,1%	21,2%	17,6%
Inflation IPCA	0,1%	0,5%	3,2%	3,9%	3,5%
BENCHMARK	-7,8%	-8,9%	2,6%	4,0%	7,9%

ASSET ALLOCATION - LOCAL



ASSET CLASS	Allocation (R$)
Fixed Income Low Vol	488.170
Fixed Income	1.450.644
Hedge Funds	787.620
Equities - Local	858.192
Equities - Intern.	484.618
Payables	172.491
Total	4.241.735

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%	-10,3%	24,2%
REAL	-0,1%	5,5%	3,2%	14,1%	-10,7%	10,8%
IPCA	0,2%	2,9%	3,7%	4,3%	0,5%	12,1%

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	-1
FINAL	3.416	3.712	3.972	4.728	4.242
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%	20,9%	-10,3%
CPI	0,0%	2,9%	3,7%	4,2%	0,5%
Real Return	0,1%	7,4%	4,1%	16,0%	-10,7%

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

BAHIA & ESPIRITO SANTO FUND - INTERNATIONAL

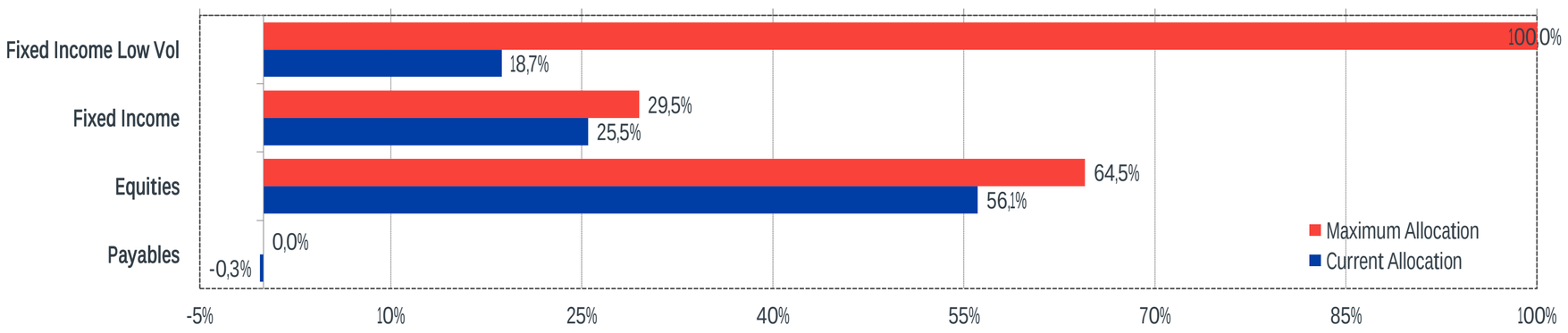
Mar-20

PORTFOLIO PERFORMANCE - INTERNATIONAL (In US$ Thousands)

ASSET CLASS	MTD	YTD	12M	24M	36M
Fixed Income Low Vol	12,6%	12,9%	15,0%	8,3%	8,3%
Fixed Income	-3,9%	-0,8%	4,7%	#DIV/0!	3,9%
Equities	-11,0%	-19,7%	-8,9%	-2,2%	-2,2%
Payables	0,0%	0,0%	0,0%	0,0%	0,0%
Total	-7,5%	-12,4%	-4,3%	-0,3%	0,3%

BENCHMARK	MTD	YTD	12M	24M	36M
RF LV COMP	0,8%	1,5%	3,6%	3,0%	3,0%
Barclays Global	-1,6%	1,4%	6,6%	5,8%	4,7%
MSCI World	-13,2%	-21,1%	-10,4%	-3,4%	-3,4%
CPI	0,0%	0,1%	1,8%	1,9%	2,0%
BENCHMARK	-7,6%	-11,7%	-3,4%	0,3%	0,7%

ASSET ALLOCATION - INTERNATIONAL



ASSET CLASS	Allocation (U$)
Fixed Income Low Vol	199.218
Fixed Income	271.583
Equities	597.434
Payables	(3.112)
Total	1.065.123

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%	-12,4%	1,4%
REAL	-0,1%	-0,6%	-5,2%	15,3%	-12,5%	-5,0%
CPI	0,2%	2,1%	1,9%	2,3%	0,1%	6,8%

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	1.065
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%	-3,4%	17,5%	-12,4%
CPI	0,2%	2,1%	1,9%	2,1%	0,1%
Real Return	-0,1%	-0,6%	-5,2%	15,1%	-12,5%

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