

Local Fixed Income had two distinct moments during the period. In the first half of the month, interest rate curves increased as a result of attacks on the Brazilian Central Bank autonomy and the Inflation Targeting System. Relief came only in the second half of the month, after the BCB President attempted to open a dialogue with the Minister of Finance. As a result, the fixed income indexes closed with a slightly higher appreciation than the CDI. Inflation contributed positively with +0.55% to the profitability of assets indexed to IPCA. In this first bimester, inflation's contribution totals +1.24%.

The negative highlight was Equities. The negative local news (heterodoxy of the new Government and possible weakening of activity, amplified by the reduction of credit availability) combined with the deterioration of the international market and the fall of metal commodities. Materials sector companies (25.2% of IBX) fell on average -9.2% and contributed negatively with -2.4% in the drop of -7.6% of the IBX. Individually, negative highlights were Azul (-39.8%), CVC (-32.7%), and Yduqs (-31.8%).

Data disclosure showing resilient inflation (CPI: +6.4%; PCE: +5.4%), a heated level of activity (Services ISM at 55.1), and a tight job market (unemployment at 3.4%) changed the perception regarding the eventual end of monetary tightening. As a result, the terminal interest rate that was expected to reach 5.00% in Mar/23, moved to 5.50% in Jun/23, increasing the probability of a hard landing. The high inflation and a heated job market in Europe, as well as an increase in geopolitical tensions (US x Russia and US x China), also contributed to the deterioration of expectations. The risk of structurally higher inflation has grown for three reasons: (i) energy transition; (ii) repositioning of production chains; and (iii) restrictions on immigration, which makes local labor more expensive. Gold, impacted by the appreciation of the USD and the increase in interest rates, was the worst performer of the month, reversing January's gains. The -9.5% drop in industrial metal prices (Copper, Nickel, Zinc, and Aluminum) directly affected the Commodities Index. Lastly, 10-20Y Treasuries suffered due to their longer duration.

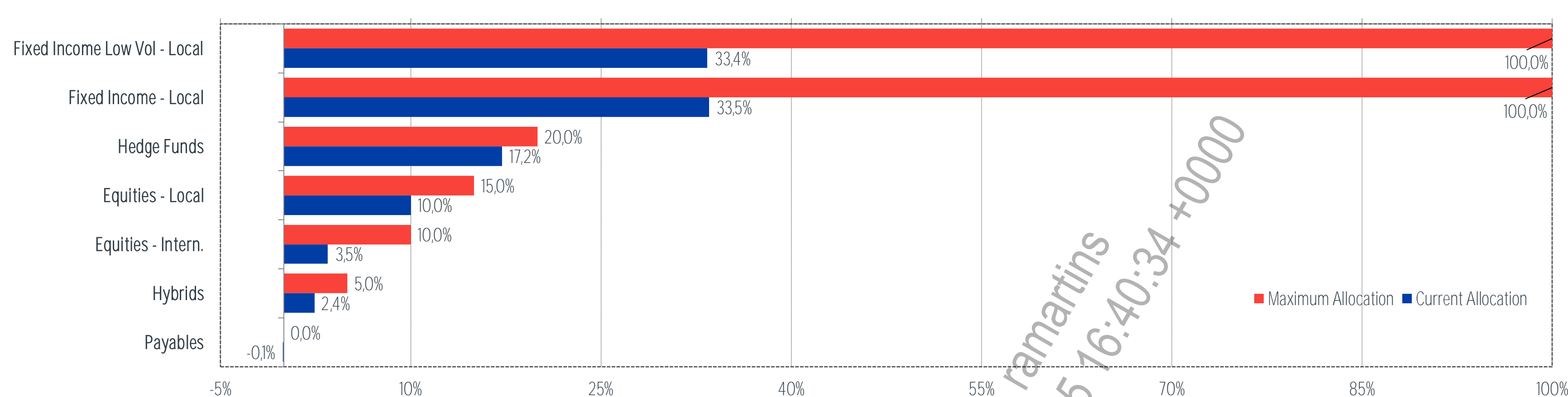
FT portfolio returned -0.2% mtd, accumulating 1.2% in 2023. After a good performance in January, February recorded losses, especially in the risk asset classes. The positive highlight was the Fixed Income class, with a performance of 1.0% mtd. On the other hand, the Local Equities and Hybrids classes returned -4.3% and -3.9%, respectively.

PORTFOLIO PERFORMANCE (in Brazilian Reais - R\$)

ASSET CLASS	MTD	YTD	12M	24M	36M	60M
Fixed Income Low Vol - Local	0,8%	1,9%	13,5%	10,0%	7,2%	6,7%
Fixed Income	1,0%	1,2%	9,1%	4,7%	4,6%	7,1%
Hedge Funds	-1,4%	0,8%	13,4%	9,5%	9,3%	8,3%
Equities - Local	-4,3%	-0,4%	-14,5%	-15,6%	-5,1%	4,7%
Equities - Intern.	0,2%	3,3%	-5,7%	-1,6%	16,3%	17,4%
Hybrids	-3,9%	-1,1%	-14,2%	-14,2%	-14,2%	-14,2%
Payables	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Total	-0,2%	1,2%	7,2%	4,2%	5,8%	7,4%

BENCHMARK	MTD	YTD	12M	24M	36M	60M
CDI	0,9%	2,1%	13,0%	9,3%	6,9%	6,6%
IRF Comp.	1,1%	1,4%	8,6%	4,1%	3,9%	7,4%
IHF Comp.	-0,2%	1,0%	11,2%	8,1%	7,5%	7,1%
IBX	-7,6%	-4,3%	-8,2%	-2,8%	0,3%	4,9%
MSCI (BRL)	0,2%	3,2%	-6,2%	-2,7%	15,0%	17,3%
Inflation IPCA	0,8%	1,4%	5,6%	8,0%	7,1%	5,8%
BENCHMARK	-0,2%	1,1%	7,7%	5,5%	5,7%	7,6%

ASSET ALLOCATION



ASSET CLASS	Allocation (R\$)
Fixed Income Low Vol - Local	48.622.944
Fixed Income	48.826.936
Hedge Funds	25.075.862
Equities - Local	14.582.032
Equities - Intern.	5.062.729
Hybrids	3.519.415
Payables	(90.907)
Total	145.599.010

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

GROWTH	2015	2016	2017	2018	2019	2020	2021	2022	2023	ACC.
NOMINAL	3,5%	7,8%	-8,6%	-22,5%	-17,6%	-16,1%	-19,6%	5,8%	1,2%	-53,0%
REAL	0,7%	1,4%	-11,2%	-25,3%	-21,0%	-19,7%	-27,0%	0,0%	-0,2%	-68,7%
IPCA	2,8%	6,3%	2,9%	3,7%	4,3%	4,5%	10,1%	5,8%	1,4%	50,2%

CURRENT ACCOUNT	2015	2016	2017	2018	2019	2020	2021	2022	2023
INITIAL	0	122.126	145.839	134.468	141.707	152.231	169.205	135.981	143.877
Subscriptions	118.175	13.419	1.760	39.485	40.733	46.801	0	0	0
Withdrawals	0	-7.900	-29.700	-40.500	-48.500	-45.060	-31.000	-55	0
Account Costs	-342	-1.724	-1.189	-455	-556	-151	-3.629	-669	0
Return	4.293	19.917	17.758	8.709	18.846	15.384	1.405	8.619	1.723
FINAL	122.126	145.839	134.468	141.707	152.231	169.205	135.981	143.877	145.599
ACCOUNT COSTS	0,0%	-1,2%	-0,8%	0,0%	-0,4%	-0,1%	-2,4%	-0,5%	0,0%
SPENDING RATE	0,0%	-5,8%	-18,9%	0,0%	-27,0%	-23,5%	-18,2%	0,0%	0,0%
Nominal Return	3,9%	16,0%	13,6%	7,8%	13,2%	9,8%	0,7%	6,3%	1,2%
Inflation IPCA	2,8%	6,3%	2,9%	3,7%	4,3%	4,5%	10,1%	5,8%	1,4%
Real Return	1,0%	9,1%	10,4%	4,0%	8,5%	5,1%	-8,5%	0,5%	-0,2%

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