TRANSITION FUND

Mai-21

PRAGMA

In May, the Brazilian market showed a stronger recovery, after the end of the dispute in Congress regarding the fiscal budget. With more positive data on the revenue side, and maintaining the fiscal pillar, **Brazilian assets began to close the gap when compared to their peers – Emerging Economies and economies heavily dependent on commodities. In Brazil, as in other major economies, investors are again** looking for protection against high inflation, with inflation-linked bonds.

The strong results continued in May, with emphasis on the performance of the sectors linked to the economic recovery: Commodities and the global stock exchange. This month's theme, however, was investor protection from rising inflation. In April, the CPI reached 4.2% for headline inflation, and 3.0% for the core, which led investors to seek protection through the allocation in Gold and TIPS (inflation-linked bonds in the US). The earnings season was very positive with over 80% of companies beating EPS and 70% beating US sales estimates.

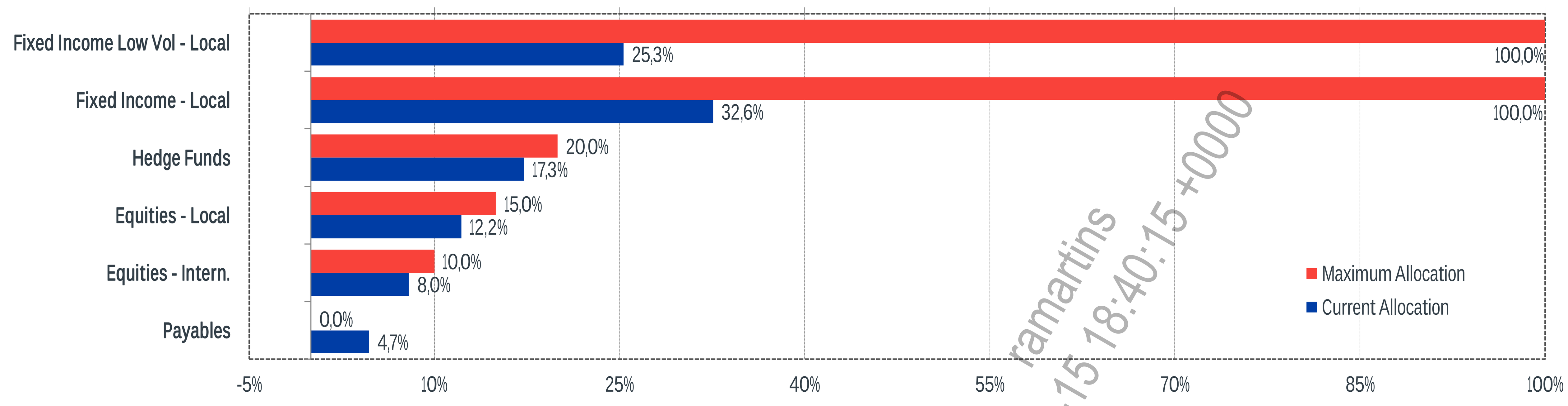
The FT portfolio presented a return of + 0.6% mtd, below its benchmark. During the month, most of asset classes had positive performances, except International Equities that lost -1.9%, but accumulates +12.7%. Also we highlight the strong performance of Brazilian Equities, with +3.4%, contributing once more to the positive result of the portfolio.

PORTFOLIO PERFORMANCE (in Brazilian Reais - R$)

ASSET CLASS	MTD	YTD	12M	24M	36M	60M
Fixed Income Low Vol - Local	0,3%	1,0%	2,3%	3,2%	4,2%	6,7%
Fixed Income	0,6%	-0,7%	5,9%	6,7%	8,9%	10,2%
Hedge Funds	0,4%	3,6%	13,6%	8,3%	8,4%	11,1%
Equities - Local	3,4%	5,4%	47,4%	27,3%	27,3%	23,1%
Equities - Intern.	-1,9%	12,7%	37,3%	40,9%	27,3%	22,5%
Payables	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Total	0,6%	1,4%	10,5%	9,5%	10,0%	10,8%

BENCHMARK	MTD	YTD	12M	24M	36M	60M
CDI	0,3%	1,0%	2,2%	3,5%	4,5%	6,8%
IMA_EX_C	0,5%	-0,7%	3,9%	6,2%	9,7%	10,8%
IHF Comp.	1,2%	2,6%	11,3%	7,8%	7,9%	9,4%
IBX	5,9%	8,1%	47,6%	16,0%	20,0%	22,2%
MSCI (BRL)	-2,1%	12,3%	36,5%	41,6%	28,1%	23,0%
Inflation IPCA	0,9%	3,2%	8,1%	5,0%	4,9%	4,2%
BENCHMARK	1,0%	2,2%	8,9%	8,3%	9,9%	11,1%

ASSET ALLOCATION



ASSET CLASS	Allocation (R$)
Fixed Income Low Vol - Local	41.376.426
Fixed Income	53.212.734
Hedge Funds	28.187.687
Equities - Local	19.909.116
Equities - Intern.	13.003.646
Payables	7.660.478
Total	163.350.087

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

GROWTH	2015	2016	2017	2018	2019	2020	2021	ACC.
NOMINAL	3,5%	7,8%	-8,6%	-22,5%	-17,6%	-16,1%	-3,5%	-47,2%
REAL	0,7%	1,4%	-11,2%	-25,3%	-21,0%	-19,7%	-6,5%	-59,8%
IPCA	2,8%	6,3%	2,9%	3,7%	4,3%	4,5%	3,2%	31,4%

CURRENT ACCOUNT	2015	2016	2017	2018	2019	2020	2021
INITIAL	0	122.126	145.839	134.468	141.707	152.231	169.205
Subscriptions	118.175	13.419	1.760	39.485	40.733	46.801	0
Withdrawals	0	-7.900	-29.700	-40.500	-48.500	-45.060	-8.000
Account Costs	-342	-1.724	-1.189	-455	-556	-151	-197
FINAL	122.126	145.839	134.468	141.707	152.231	169.205	163.350
ACCOUNT COSTS	*0,0%*	*-1,2%*	*-0,8%*	*-0,4%*	*-0,4%*	*-0,1%*	*-0,1%*
SPENDING RATE	*0,0%*	*-5,8%*	*-18,9%*	*-27,8%*	*-27,0%*	*-23,5%*	*-4,7%*
Nominal Return	3,9%	16,0%	13,6%	7,8%	13,2%	9,8%	1,4%
Inflation IPCA	2,8%	6,3%	2,9%	3,7%	4,3%	4,5%	3,2%
Real Return	1,0%	9,1%	10,4%	4,0%	8,5%	5,1%	-1,8%

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