

The risk perception regarding Brazil increased in July, with losses in stock and fixed income markets. As last year, the discussion around next year's budget and the spending cap, destabilizes confidence around the fiscal pillar. Now, not only the government would like to expand the income distribution program, but the increase in the volume of payment of court orders to be paid in 2022. The suggestion of splitting payments creates legal uncertainty and difficulties to the process. The flexibilization of the cap creates even more political difficulties.

The most surprising move in July was the narrowing of yields spreads, mainly given the current level of inflation, and the Fed's message that considers inflation to be transitory. One of the possible explanations is linked to the increased concern that the Delta variant leads to a new wave of economic lockdown, and greater risk aversion. On the other hand, Commodities continue to show positive performance, mainly Energy, Industrial Metals and Coffee (+12% after the announcement that frosts cut 10% of Brazilian production).

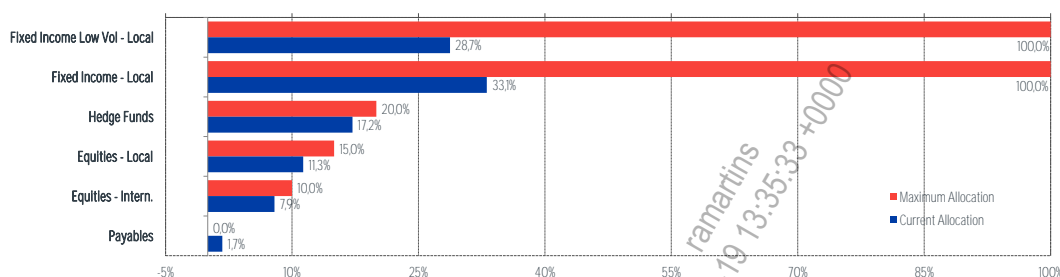
The FT portfolio presented a return of -0.2% mtd, aligned with its benchmark. During the month, International Equities showed a strong return (+5.5%) and was able to protect the portfolio, while most asset classes presented negative performances. Despite the drop of -1.9%, the Brazilian Equities class performed better than its benchmark IBX, -4.0% and in 2021, the class already surpasses the IBX, +5.3% vs. +4.5%, respectively.

PORTFOLIO PERFORMANCE (in Brazilian Reals - R\$)

ASSET CLASS	MTD	YTD	12M	24M	36M	60M
Fixed Income Low Vol - Local	0,4%	1,8%	2,5%	3,1%	4,2%	6,4%
Fixed Income	-0,4%	-0,9%	2,0%	5,2%	8,2%	9,6%
Hedge Funds	-2,5%	1,9%	6,6%	6,0%	7,3%	9,8%
Equities - Local	-1,9%	5,3%	20,1%	22,3%	26,5%	20,5%
Equities - Intern.	6,3%	15,8%	35,2%	40,7%	27,4%	25,3%
Payables	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Total	-0,2%	1,5%	5,6%	8,2%	9,4%	10,2%

BENCHMARK	MTD	YTD	12M	24M	36M	60M
CDI	0,4%	1,6%	2,4%	3,3%	4,3%	6,5%
IMA_EX_C	-0,1%	-0,4%	1,0%	4,3%	9,2%	10,1%
IHF Comp.	-1,5%	1,7%	5,5%	6,0%	7,1%	8,7%
IBX	-4,0%	4,5%	20,7%	11,1%	17,4%	17,3%
MSCI (BRL)	5,9%	15,3%	34,5%	41,5%	27,7%	25,7%
Inflation IPCA	1,0%	4,8%	9,0%	5,6%	4,8%	4,3%
BENCHMARK	-0,2%	2,1%	5,2%	6,7%	9,3%	10,4%

ASSET ALLOCATION



ASSET CLASS	Allocation (R\$)
Fixed Income Low Vol - Local	43.720.622
Fixed Income	50.366.635
Hedge Funds	26.128.913
Equities - Local	17.234.320
Equities - Intern.	12.036.448
Payables	2.645.548
Total	152.132.486

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%	-10,1%	-50,8%
REAL	0,7%	1,4%	-11,2%	-25,3%	-21,0%	-19,7%	-14,2%	-63,1%
IPCA	2,8%	6,3%	2,9%	3,7%	4,3%	4,5%	4,8%	33,3%

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	-19.000
Account Costs	-342	-1.724	-1.189	-455	-556	-151	-604
FINAL	122.126	145.839	134.468	141.707	152.231	169.205	152.132
ACCOUNT COSTS	0,0%	-1,2%	-0,8%	-0,4%	-0,4%	-0,1%	-0,4%
SPENDING RATE	0,0%	-5,8%	-18,9%	-27,8%	-27,0%	-23,5%	-11,1%
Nominal Return	3,9%	16,0%	13,6%	7,8%	13,2%	9,8%	1,5%
Inflation IPCA	2,8%	6,3%	2,9%	3,7%	4,3%	4,5%	4,8%
Real Return	1,0%	9,1%	10,4%	4,0%	8,5%	5,1%	-3,1%

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