TRANSITION FUND

Out-22

PRAGMA

The relief in international markets, combined with the end of the presidential election, robust data on employment and economic activity, contributed to strong performance in local market. While industrials sector (Weg, Rumo, Santos Brasil, Embraer etc.) contributed with a positive return of +17,8% in the IBX, materials (Vale and Steel Mills) were the negative highlight, with -2.3% performance mtd. Small Caps also benefited from the Industrials segment, which represents 20% in the SMALL index. Among the Fixed Income assets, the CDI remains the positive highlight of the year. The pre-fixed and inflation linked securities were also a positive highlight in the month, but not enough to outperform the CDI ytd.

In the end of August, FED adopted a stronger speech regarding its role in the monetary policy, reassuring its commitment to bringing inflation to the 2% target and warning that this process would bring "pain to households and businesses". After the strong negative impact on the prices in September, we had, in October, a partial recovery of these same prices. The assets most related with economic activity (Stocks and High Yield) were the ones that recovered the most. As for the assets that are more sensitive to variations in Long Term Interest Rates, they continued to suffer from the steep of the Interest Rate Curve. The current Interest Rate Curve indicates that at the end of the monetary tightening process, interest rates should reach 5.00% in 1Q23.

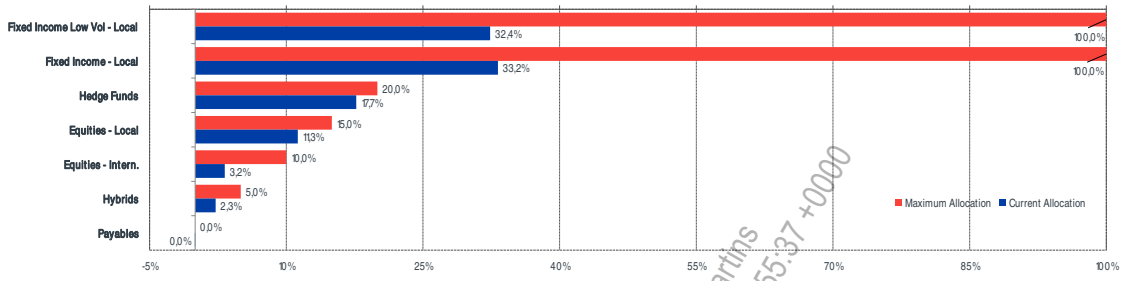
The FT portfolio returned +1.8% mtd, accumulating 7.1% ytd. The highlights of October were Local Equities (+6.8%) and International Equities (+3.9%). In the year to date period, Hedge Funds (+21.3%) and Fixed Income Low Vol (+10.9%) remains with strong performances.

PORTFOLIO PERFORMANCE (in Brazilian Reais - R$)

ASSET CLASS	MTD	YTD	12M	24M	36M	60M
Fixed Income Low Vol - Local	1,1%	10,9%	12,5%	8,1%	6,2%	6,3%
Fixed Income	1,1%	7,7%	11,5%	5,4%	4,6%	7,5%
Hedge Funds	1,4%	21,3%	22,6%	14,6%	10,7%	10,0%
Equities - Local	6,8%	-3,9%	-6,7%	-3,9%	2,5%	8,8%
Equities - Intern.	3,9%	-24,6%	-23,4%	2,6%	16,1%	16,5%
Hybrids	-1,3%	-20,2%	-20,2%	-20,2%	-20,2%	-20,2%
Payables	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Total	1,8%	7,1%	8,8%	6,2%	6,4%	8,0%

BENCHMARK	MTD	YTD	12M	24M	36M	60M
CDI	1,0%	10,0%	11,5%	7,4%	6,0%	6,1%
IRF Comp.	1,1%	7,4%	11,7%	5,0%	3,9%	8,0%
IHF Comp.	1,3%	14,2%	15,1%	11,1%	8,0%	8,1%
IBX	5,6%	10,2%	11,8%	11,1%	3,2%	10,0%
MSCI (BRL)	3,2%	-25,9%	-26,1%	0,8%	14,9%	16,3%
Inflation IPCA	0,6%	4,7%	6,5%	8,6%	7,0%	5,6%
BENCHMARK	1,8%	7,2%	9,4%	6,8%	5,8%	8,2%

ASSET ALLOCATION



ASSET CLASS	Allocation (R$)
Fixed Income Low Vol - Local	47.036.911
Fixed Income	48.281.763
Hedge Funds	25.684.006
Equities - Local	16.361.662
Equities - Intern.	4.714.454
Hybrids	3.272.609
Payables	(56.327)
Total	145.295.078

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

GROWTH	2015	2016	2017	2018	2019	2020	2021	2022	ACC.
NOMINAL	3,5%	7,8%	-8,6%	-22,5%	-17,6%	-16,1%	-19,6%	6,8%	-53,0%
REAL	0,7%	1,4%	-11,2%	-25,3%	-21,0%	-19,7%	-27,0%	2,0%	-68,0%
IPCA	2,8%	6,3%	2,9%	3,7%	4,3%	4,5%	10,1%	4,7%	46,7%

CURRENT ACCOUNT	2015	2016	2017	2018	2019	2020	2021	2022
INITIAL	0	122.126	145.839	134.468	141.707	152.231	169.205	135.981
Subscriptions	118.175	13.419	1.760	39.485	40.733	46.801	0	0
Withdrawals	0	-7.900	-29.700	-40.500	-48.500	-45.060	-31.000	-56
Account Costs	-342	-1.724	-1.189	-455	-556	-151	-3.629	-281
Return	4.293	19.917	17.758	8.709	18.846	15.384	1.405	9.650
FINAL	122.126	145.839	134.468	141.707	152.231	169.205	135.981	145.295
ACCOUNT COSTS	*0,0%*	*-1,2%*	*-0,8%*	*0,0%*	*-0,4%*	*-0,1%*	*-2,4%*	*-0,2%*
SPENDING RATE	*0,0%*	*-5,8%*	*-18,9%*	*0,0%*	*-27,0%*	*-23,5%*	*-18,2%*	*0,0%*
Nominal Return	3,9%	16,0%	13,6%	7,8%	13,2%	9,8%	7,1%	7,1%
Inflation IPCA	2,8%	6,3%	2,9%	3,7%	4,3%	4,5%	10,1%	4,7%
Real Return	1,0%	9,1%	10,4%	4,0%	8,5%	5,1%	-2,7%	2,3%

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