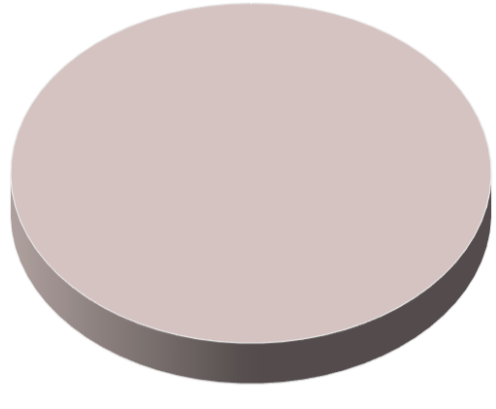


Offshore
0%

The prices of local assets were not immune to the global appreciation of assets. Similar to the international market, the last 2 months were decisive for the strong performance throughout the year. In the Fixed Income market, the decrease in the U.S. Yield Curve created room for additional declines in local interest rates. The appreciation of Fixed Income indexes reflects the fall in real interest rates, the decline in implied inflation, and consequently, the fall in nominal interest rates. As for the Equities market, it followed the trend of U.S. stock exchanges. The possibility of a soft landing or, eventually, a no-landing scenario (positively impacting company growth), combined with a lower discount rate for risk assets (lower risk premium and lower interest rates), contributed to the appreciation in the equities market. The sectors leading the appreciation in the IBX were Financials (+7.6%) and Consumer Discretionary (+6.3%). With a 24% weight, the Financials sector contributed 182 bps to the index's rise. Individually, the most appreciated companies were Grupo de Moda SOMA (+25%) and CBA (+23%). In the Small Caps segment, the Communications (+11.0%) and Utilities (+10.7%) sectors were the positive highlights. At the company level, the biggest increases were seen in Gafisa (+59%), Enauta (+30%), and JHSF (+28%).



Local
100%

The faster-than-expected process of disinflation in major economies, coupled with less robust growth data, has led to a surprising appreciation of assets in the last 2 months. This optimism has also been reflected in the expectation of a FED interest rate cut in 2024. The current scenario indicates that the interest rate cut would begin in Mar/24, exactly 2 years after the start of the hike, totaling 125 bps cut over the year. Regarding GDP, the isolated analysis of unemployment data (3.7%) and the number of hirings signaled seemingly strong economic activity. However, a reversal in other labor market indicators has been observed: a decrease in the number of open positions, quit rates, and hours worked. The 12-month cumulative inflation until November was surprising. In the U.S., CPI and PCE stood at 3.1% and 2.6%, respectively, and in Europe, CPI was 2.4%. However, it is worth noting that the main contributor to this decline was the Energy price (responsible for the poor performance of Commodities). Looking at the Core CPI, there is inflation of 4.0% in the U.S. and 3.6% in Europe. Despite not being among the highlights, it is important to note that Gold reached a historic high in December, reaching a price of \$2,077. The year-end optimism was such that potentially negative events for production chains were ignored. For example, there were attacks on ships in the Red Sea and the Indian Ocean, and a reduction in ship traffic in the Panama Canal due to a drought was observed.

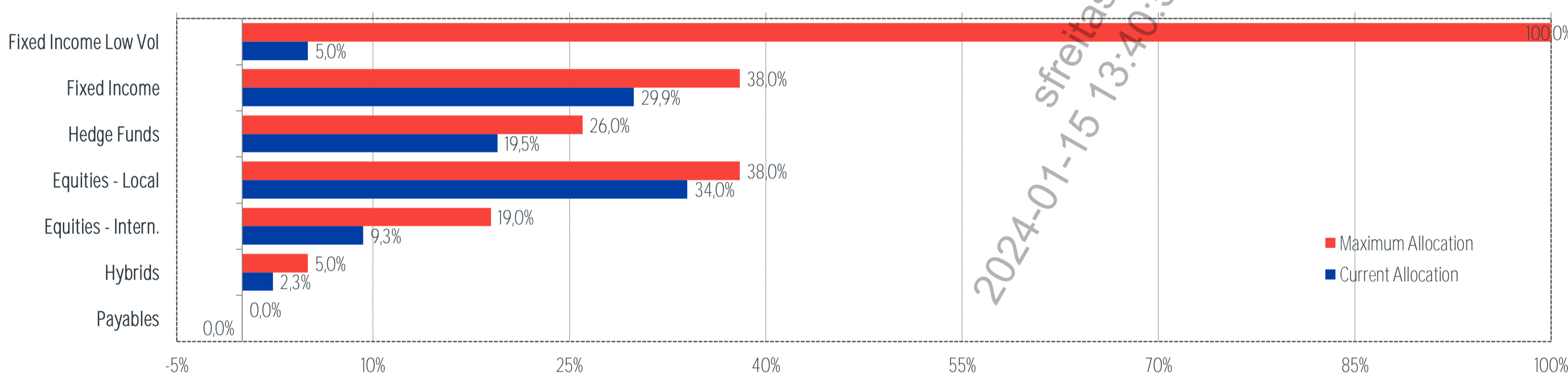
BA&ES local portfolio posted a monthly return of 3.1%, with a 15.1% annual return. Continuing the trend initiated in November, all asset classes performed well in the month. The standout performers were the asset risk classes, with Local Equities rising by 4.0% in the month and 20.8% for the year. Fixed Income and Fixed Income Low also delivered strong returns for the year: 16.2% and 13.3%, respectively.

PORTFOLIO PERFORMANCE - LOCAL (in Brazilian Reals - R\$)

ASSET CLASS	MTD	YTD	12M	24M	36M
Fixed Income Low Vol	0,9%	13,3%	13,3%	13,3%	10,4%
Fixed Income	2,4%	16,2%	16,2%	11,1%	5,9%
Hedge Funds	2,9%	8,1%	8,1%	12,8%	9,3%
Equities - Local	4,0%	20,8%	20,8%	2,0%	-5,2%
Equities - Intern.	3,4%	12,5%	12,5%	-6,1%	5,1%
Hybrids	5,2%	0,0%	0,0%	-6,2%	-6,2%
Payables	0,0%	0,0%	0,0%	0,0%	0,0%
Total	3,1%	15,1%	15,1%	6,6%	3,5%

BENCHMARK	MTD	YTD	12M	24M	36M
CDI	0,9%	13,0%	13,0%	12,8%	9,9%
IRF Comp.	2,3%	16,8%	16,8%	11,9%	6,8%
IHF Comp.	2,7%	9,3%	9,3%	11,2%	8,0%
IBX	5,5%	21,3%	21,3%	12,4%	3,9%
MSCI (BRL)	3,5%	13,8%	13,8%	-6,1%	4,6%
Inflation IPCA	0,6%	4,6%	4,6%	5,2%	6,8%
BENCHMARK	3,5%	16,5%	16,5%	10,1%	6,6%

ASSET ALLOCATION - LOCAL



ASSET CLASS	Allocation (R\$)
Fixed Income Low Vol	239.453
Fixed Income	1.426.165
Hedge Funds	929.434
Equities - Local	1.620.308
Equities - Intern.	441.249
Hybrids	111.588
Payables	(1.123)
Total	4.767.074

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

GROWTH	2016	2017	2018	2019	2020	2021	2022	2023	ACC.
NOMINAL	0,1%	8,7%	7,0%	19,0%	-5,8%	-4,1%	-2,2%	14,1%	39,6%
REAL	-0,1%	5,5%	3,2%	14,1%	-9,9%	-12,9%	-7,5%	9,1%	-1,8%
IPCA	0,2%	2,9%	3,7%	4,3%	4,5%	10,1%	5,8%	4,6%	42,1%

CURRENT ACCOUNT	2016	2017	2018	2019	2020	2021	2022	2023
INITIAL	0	3.416	3.712	3.972	4.728	4.452	4.270	4.177
Subscriptions	3.415	0	0	0	0	0	0	0
Withdrawals	0	0	0	0	-952	0	0	0
Account Costs	0	-64	-32	-53	-48	-82	-33	-37
Return	1,7	360	293	808	724	-99	-60	627
FINAL	3.416	3.712	3.972	4.728	4.452	4.270	4.177	4.767
ACCOUNT COSTS	0,0%	-1,7%	-0,8%	-1,2%	-1,0%	-1,8%	-0,8%	-0,8%
SPENDING RATE	0,0%	0,0%	0,0%	0,0%	-18,5%	0,0%	0,0%	0,0%
Nominal Return	0,1%	10,5%	10,5%	8,0%	20,9%	17,4%	-1,4%	15,1%
Inflation IPCA	0,2%	2,9%	3,7%	4,3%	4,5%	10,1%	5,8%	4,6%
Real Return	-0,1%	7,4%	6,6%	3,5%	15,7%	6,6%	-6,8%	10,0%

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