AMAPÁ FUND - LOCAL

Set-23

PRA GMA

Local assets were impacted by local and external factors. Domestically, the positive contribution of GDP growth (particularly in household consumption and industrial activity) and inflation data did not offset concerns about the slow pace in approving reforms and doubts regarding the government's ability to meet fiscal targets. Also, the 50 basis points cut in interest rates was considered neutral, due to the fact that was already anticipated. Among external factors, local prices were affected by the repricing of risk assets and the rise in interest rates. It's noteworthy that the IBX accumulated gains in september mainly due to the appreciation of Petrobras - even though the company has been holding back fuel price increases and oil prices continue to rise. Since Petrobras accounts for 14% of the index and its stocks appreciated by around 9%, its effect on **the index was 116 basis points – more than the IBX itself, which posted an 88 bps increase. In the Equities market, the main losses were in the Consumer Discretionary (-8.2%)** and IT (-3.9%) sectors. The worst results were seen in Casas Bahia (-50.4%), CBD (-29.2%), and Magazine Luiza (-23.2%). Without the positive contribution from Petrobras, Small Caps were the negative highlight of the month with a decline of -2.8%. Additionally, Affected by concerns regarding fiscal policies and the increase in US interest rates, the local yield curve went up, impacting the performance of Fixed Income.

For some time, it was been discussing the significant gap between the hawkish speech of the Fed and the interest rate expectations embedded in the Yield Curve. Since the beginning of the interest rate hikes in Mar/22, the implied interest rate trajectory in the Curve either underestimated the rate increases or overestimated how quickly rates would return to lower levels. This premature anticipation of rate decreases was justified by the possibility of a recession, but economic activity has been surprising, and the recession has been postponed month after month. But in the last 3 months, the market began to price in the possibility of interest rates not falling this year, and in the last couple months, the price of assets began to reflect Fed's speech. As a result of this process, we witnessed a significant sell-off in the stock market and a rise in interest rates to levels last seen in the first half of the 2000s, before the Global Financial Crisis. Specifically, regarding interest rates, there are additional factors that have amplified the increase: (i) the reduction of the Fed's balance sheet; (ii) accelerated growth in American debt following the suspension of the Debt Ceiling; (iii) structurally higher inflation; and (iv) a decrease in the importance of the USD in central banks' reserve allocations. In this scenario, two assets have stood out: the most obvious one is the USD, which benefits from the flight to quality, and the less likely one, especially when considering a possible recessionary scenario, is oil. However, the latter is affected by geopolitical factors.

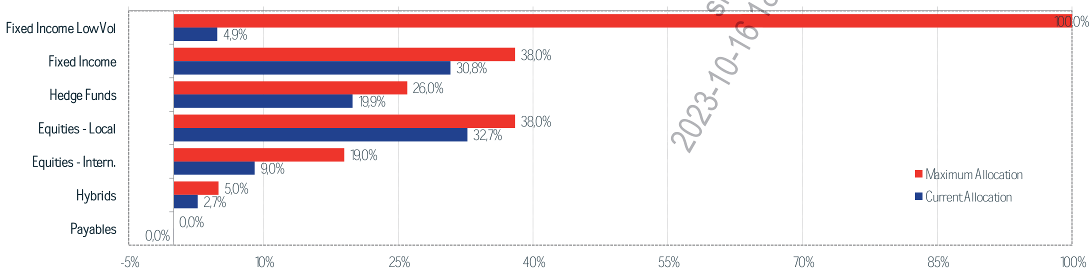
Amapá local portfolio returned -0.7% mtd, accumulating 7.5% in 2023. Despite the appreciation of the USD against the BRL in September, International Equities and Hybrids showed returns of -2.9% and -4.0%, respectively, affected by the external scenario. Fixed Income also struggled with the rise in interest rates in US, resulting in a return of -0.7% for the month. On the other hand, Fixed Income LowVol continued to perform well, with a return of 1.0% for the month and 10.0% for the year.

PORTFOLIO PERFORMANCE - LOCAL (in Brazilian Reais - R$)

ASSET CLASS	MTD	YTD	12M	24M	36M
Fixed Income LowVol	1,0%	10,1%	13,7%	12,8%	9,5%
Fixed Income	-0,7%	10,9%	11,3%	9,0%	6,2%
Hedge Funds	0,1%	3,1%	1,3%	9,9%	9,4%
Equities - Local	-0,6%	8,8%	4,0%	-10,5%	-3,4%
Equities - Intern.	-2,9%	4,8%	13,1%	-4,6%	4,1%
Hybrids	-4,0%	-7,7%	-1,0%	-12,4%	-12,4%
Payables	0,0%	0,0%	0,0%	0,0%	0,0%
Total	-0,7%	7,5%	6,7%	1,3%	4,1%

BENCHMARK	MTD	YTD	12M	24M	36M
CDI	1,0%	9,9%	13,4%	12,2%	9,1%
IRF Comp.	-0,6%	11,4%	12,2%	9,7%	6,9%
IHF Comp.	0,0%	4,8%	5,0%	8,8%	8,4%
IBX	0,8%	5,5%	5,1%	1,8%	6,9%
MSCI (BRL)	-2,7%	5,8%	14,3%	-5,5%	3,7%
Inflation IPCA	0,3%	3,5%	5,2%	6,2%	7,5%
BENCHMARK	-0,2%	7,7%	9,5%	5,7%	7,6%

ASSET ALLOCATION - LOCAL



ASSET CLASS	Allocation (R$)
Fixed Income LowVol	310.847
Fixed Income	1.970.087
Hedge Funds	1.272.775
Equities - Local	2.089.275
Equities - Intern.	577.060
Hybrids	171.567
Payables	(808)
Total	6.390.803

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

GROWTH	2016	2017	2018	2019	2020	2021	2022	2023	ACC.
NOMINAL	4,5%	13,7%	6,8%	18,8%	16,1%	-4,0%	-13,3%	7,8%	57,1%
REAL	2,9%	10,5%	2,9%	13,9%	11,1%	-12,8%	-18,0%	4,4%	10,4%
IPCA	1,6%	2,9%	3,7%	4,3%	4,5%	10,1%	5,8%	3,2%	42,2%

CURRENT ACCOUNT	2016	2017	2018	2019	2020	2021	2022	2023
INITIAL	0	4.285	4.873	5.204	6.181	7.176	6.889	5.976
Subscriptions	4.099	0	0	0	0	0	0	0
Withdrawals	0	0	-8	0	0	0	-714	0
Account Costs	-29	-64	-44	-78	-34	-131	-64	-30
Return	215	652	383	1.055	1.029	-156	-135	494
FINAL	4.285	4.873	5.204	6.181	7.176	6.889	5.976	6.439
ACCOUNT COSTS	*-0,7%*	*-1,4%*	*-0,9%*	*-1,4%*	*-0,5%*	*-1,8%*	*-1,0%*	*-0,5%*
SPENDING RATE	*0,0%*	*0,0%*	*-0,2%*	*0,0%*	*0,0%*	*0,0%*	*-10,8%*	*0,0%*
Nominal Return	8,1%	20,8%	8,1%	20,8%	17,3%	-2,3%	-1,7%	7,5%
Inflation IPCA	1,6%	2,9%	3,7%	4,3%	4,5%	10,1%	5,8%	3,2%
Real Return	6,4%	17,4%	4,2%	15,8%	12,2%	-11,2%	-7,0%	4,1%

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