

BRADESCO GLOBAL FUNDS

Brazilian Equities Mid Small Caps

As of 30/09/2023



Description

The fund seeks to maximize returns by investing in publicly listed Mid and Small Cap Brazilian Equities – defined as those excluding the 25 largest constituents of the IBRX (Brazil's 100 most liquid stocks index). These equities should comply with the criteria outlined in Article 8 of the SFDR.

Investment Objective

To obtain a superior return in the medium and long term by investing mainly in Brazilian companies with small and medium market capitalization. The investment management method used is, by using a bottom-up approach (stock picking), to select the eligible companies according to their potential growth, their strategy, their macroeconomic environment and the quality of the management of these companies.

Investment Policy

Diversified portfolio with minimum of 85% of its net assets in shares and equity-related securities issued by Brazilian companies with small and middle market capitalization values, which are not included among the 25 largest holdings in Brazilian Stock Index – IBRX. At most 15% can be invested in stocks with greater liquidity and market capitalization, provided they are not included among the 10 largest holdings of the IBRX.

Portfolio is mainly invested in shares and equity-related securities issued by Brazilian companies listed on the Sao Paulo Stock Exchange, including Brazilian Depository Receipt (BDR), American Depository Receipts (ADR) and International Depository Receipts (IDR).

Snapshot

Fund Size (USD MM)	66,4
Inception Date	30/08/2011
Domicile	Luxembourg
Fund Legal Structure	SICAV
Base Currency	US Dollar
Settlement Frequency	Daily
Settlement Day	2

Share Class Information

	I USD	R EUR	R GBP	R USD
ISIN	LU0670732071	LU0670732584	LU0860816957	LU0670731933
BBG Ticker	BREMSIU LX	BREMSRE LX	BREMRAE LX	BREMSRU LX
Annual Fee	0,80%	1,50%	1,50%	1,50%
Inception Date	30/08/2011	29/11/2011	28/12/2012	29/11/2011
Minimum Investment	1.000.000	1.000	1.000	1.000

Performance

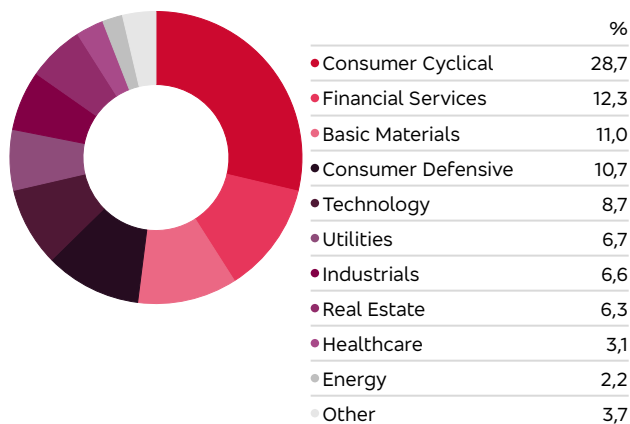
I USD	1 M	3 M	YTD	2022	2021	2020	Since Inception
Return	-3,55	-13,27	-5,48	-5,03	-16,03	-24,82	-23,59

Investment Growth

— Bradesco Gbl Braz Eqs M&S Cap I USD



Sector Allocation



Top 10 Holdings

	Sector	Fund (%)
Grupo Mateus SA Ordinary Shares	Consumer Cyclical	6,32
Aliansce Sonae Shopping Centers SA	Real Estate	6,30
Totvs SA	Technology	5,01
Sao Martinho SA	Basic Materials	4,98
Vivara Participacoes SA Ordinary Shares	Consumer Cyclical	4,51
Lojas Quero-Quero SA Ordinary Shares	Consumer Cyclical	3,96
Cyrela Brazil Realty SA Empreend e Part	Consumer Cyclical	3,77
Natura &Co Holding SA Ordinary Shares	Consumer Defensive	3,77
Metalurgica Gerdau SA Participating Preferred	Basic Materials	3,51
Bradespar SA Participating Preferred	Financial Services	3,50

Manager's Comments

Review

In third quarter of 2023, the fund underperformed, falling 13.27%, compared to the IBOVESPA, which fell by 5.56%. The recovery of Brazilian asset prices followed the pace of the previous quarter in July. However, in August and September, data from the US economy caused US Treasuries to rise, leading to higher interest rates at the long end of the curve in the secondary market. This is a fundamental variable for the formation of prices in the equity market. At the same time, although Brazilian inflation showed a downward movement, the behaviour of local public accounts increased distrust over an improvement in the fiscal deficit in 2024. This prevented cuts greater than the 50 basis points at the last meetings of the COPOM. Additionally, the incentives announced by the Chinese government prevent significant growth in exports from Brazil's most important external trading partner.

The correction of asset prices is being influenced by a greater probability of El Niño, which could impact agricultural production. It may result in lower rainfall in the Northeast region and greater rainfall in the southern region, which includes Argentina, an important grain producer. Although the Central-West and Southeast regions have historically been less affected, there is uncertainty regarding energy prices and grain productivity in the country, which may reverse the very favourable performance of last summer's harvest. This could contribute to the downward trajectory of inflation. Another factor to be mentioned is the government's communication to prevent consumer goods companies from fully utilizing the tax incentives offered by the states. This increases the tax burden. Also, the Brazilian tax authority has proposed eliminating interest on equity, which could have a significant impact on the tax burden of some companies in the same sector.

Outlook

Volatility is expected to persist in the Brazilian equity market due to the influence of rising US interest rates on domestic long-term interest rates. However, it is important to note that selectivity will be key, and Brazilian equities are still very attractively valued. The reduction in interest rates will continue to benefit company results as economic activity is poised to continue surprising on the upside. While the timing of fiscal policy has resulted in a less pronounced reduction in interest rates, we do not anticipate any changes in this regard. Finally, it is worth noting that in the long term, the Tax Reform is expected to bring significant GDP growth potential. Therefore, we can expect a macro environment marked by pressure on the long end of the curve, given the negative fiscal environment and high rates in the most important market in the world, and some relief on the micro level due to the pressure on company results because of heated domestic activity and the fall in the SELIC rate.

About Bradesco Asset Management

Bradesco Asset Management was formed in 2001 as the result of the consolidation of Banco Bradesco's asset management divisions and subsidiaries. The merger unified over 40 years of expertise in the Latin American markets. Bradesco Asset Management has an excess of US\$100 billion of assets under management from Brazilian, Asian and American retail, private, corporate and institutional clients and is renowned for its investment capabilities in Fixed Income and Equities. Bradesco Asset Management is a wholly owned subsidiary of Banco Bradesco, one of Latin America's largest banks.

Fund Information

Manager

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Registered Status

This fund is currently registered for sale in Luxembourg, Portugal, and Spain.

Transfer Agent, Custodian Bank and Administrator

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