BANIF SECURITIES

Allocation Brazil

Current Scenario Keeps the Market on Tenterhooks

Internationally, Advances Should Continue Slowly but Surely

We foresee a relatively neutral international scenario for May, but the outlook for the global economy seems unlikely to improve in the upcoming weeks, and several issues might continue to raise investors´ concern. In the US, the government's debt ceiling issue is unlikely to cause any market disruptions, but it could generate some nervousness. Also, although economic activity continues to grow, the increase of the jobless claims in the last two months could cast some doubts on consumption's short term outlook. Meanwhile, in the Euro Zone, Spain has continued to manage to sell debt as scheduled, and talks between Portugal and the EU on the financial assistance package have progressed. Nevertheless, the fact that Portugal will hold general elections in June and Finland's population have shown growing resistance to EU's current assistance framework indicates that the road to the package is likely to be bumpy, generating some noise and fear.

1Q Results Season to Drive the Market

In terms of the domestic scenario in Brazil, an uncertainty mood is likely to continue concerning the Federal Government fight to curb inflation. The government has continued to try to fight inflation without jeopardizing economic growth, which generates many doubts on the economic outlook for 2011 and 2012. On the other hand, the Central Bank has, at least, acknowledged that the monetary tightening cycle will have to be extended, which is encouraging. In all, the local macro scenario tends to generate less anxiety, because market players will live for some time with the prolonged gradual tightening of the monetary policy, the slow appreciation of the Real, some fiscal tightening, and remaining doubts on whether the government's strategy will work.

The first half of May will concentrate the majority of the 1Q season reports. Given the aforementioned scenario, where nothing impacting is expected, the market should be driven this month by corporate results and news. With most of the 1Q macroeconomic figures already out, we do not believe in unexpected results except for specific exceptions.

Having this calmer outlook for the local economy in mind and with the negative bias from the still unabated inflation, we continue believing in a volatile stock market for May with a slightly negative trend. Given this, we have changed very little our previous portfolio for May. We included Raia and Telesp, with 5% weight each. We also withdrew HRT from the list, due to the potential overhang with the end of the lock up agreement between the pre IPO shareholders. With these changes, we increased the total number of companies by one so we re-balanced the lower weights to 5%, from 6%.

Suggested Portfolio – May/11

LONG/OVERWEIGHT

Stock	Ticker	Traded Vol.*	Weight %
Bradesco	BBDC4	159.5	10%
Even	EVEN3	11.8	5%
EZ Tec	EZTC3	4.5	5%
Lojas Americanas	LAME4	35.3	5%
Lojas Renner	LREN3	56.2	5%
Petrobras	PETR4	643.1	20%
Raia	RAIA3	4.5	5%
Telesp	TLPP4	8.2	5%
Tiete	GETI4	10.0	10%
Tractebel	TBLE3	14.3	10%
Vale	VALE5	159.5	20%
Total	-	-	**100%**

Source: Banif Research
**Average trading volume (R$ mn) in the past 90 days*

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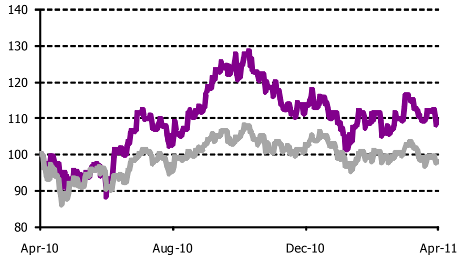
"LONG"/Overweight – Suggested Portfolio

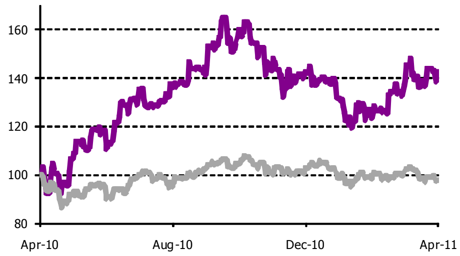
Stock x IBOV

		Current	52 - week		Performance	
Company	**Ticker**	**Price**	**High**	**Low**	**YTD**	**12M**
Bradesco	BBDC4	31.41	36.26	24.69	-3.3%	12.0%



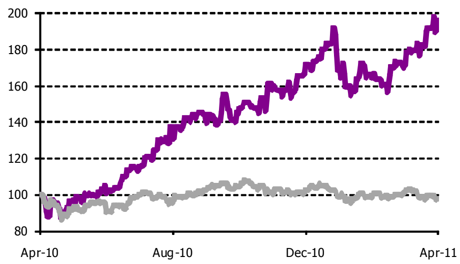
Catalyst: The bank reported strong 1Q results, with 24% annualized ROE, amid the uncertainties surrounding the government's attempt to curb credit concession in Brazil. These results were backed by a strong 21% YoY growth in the loan portfolio and decreasing rates of non-performing loans. We believe in a continuation of such strong results in the months ahead, helped by inflation gains on cash deposits and a high spread between the basic interest rate and rates passed through to clients.

		Current	52 - week		Performance	
Company	**Ticker**	**Price**	**High**	**Low**	**YTD**	**12M**
Even	EVEN3	8.65	10.11	5.06	0.6%	44.2%



Catalyst: We believe that EVEN is undervalued, trading at a 30% average discount to its peers and having gone up less in April. The Company has successfully turned around in the last two years (2009-10), and is ready to present sustainable growth in both operational and financial terms during the next years. In addition, the Company´s margins should suffer less than its peers, mainly the big ones, since its size and focus in Sao Paulo tends to allow a better cost control, as we could verify in 4Q10. We expect to see this in May, when 1Q11 real estate companies´ results will be released. The Company´s stocks should therefore outperform during the month.

		Current	52 - week		Performance	
Company	**Ticker**	**Price**	**High**	**Low**	**YTD**	**12M**
EZTEC	EZTC3	16.07	16.17	6.73	17.4%	103.3%

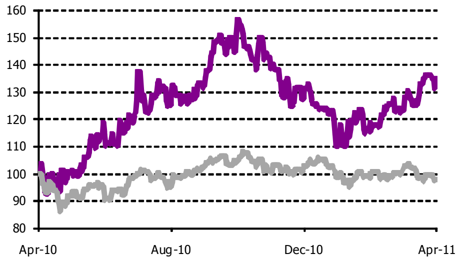


Catalyst: We believe that EZTEC is still below its fair value even after its outperformance in April. EZTEC has been able to maintain margins at the industry's highest level. In addition, EZTEC is one of the most undervalued companies in the homebuilder industry with a 30% discount to its peers. The company has a bright scenario for 2011, when it expects to increase launches by nearly 22%, and to maintain gross margin at 40% (minimum) and net margin at 30% (minimum). Moreover, the Company´s margins should suffer less than its peers, mainly the big ones, since its size and focus in Sao Paulo tends to allow a better cost control, as we could verify in 4Q10. We expect to observe this in May when 1Q11 real estate companies´ results will be released. For this reason, the Company´s stocks should outperform during the month.

"LONG"/Overweight – Suggested Portfolio

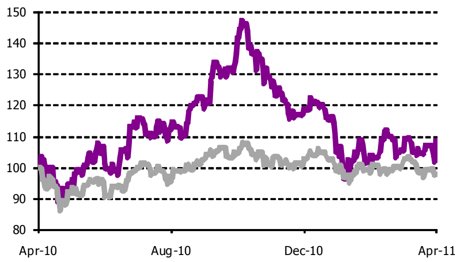
Stock x IBOV

		Current	52 - week		Performance	
Company	Ticker	Price	High	Low	YTD	12M
Lojas Americanas	LAME4	14.00	19.14	11.07	-8.1%	10.6%



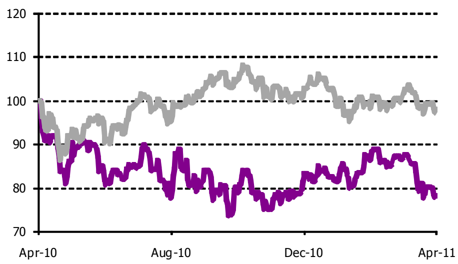
Catalyst: Results in 2010 presented significant improvements in operational margins and a reduction in working capital needs, which boosted earnings growth. The company has also reported a solid SSS growth of 11% in 2010, despite 2009's strong comparison base. The recently announced investment of a minimum of R$570 million in the capital increase of B2W, its e-commerce subsidiary, should not jeopardize the organic expansion plans for the bricks and mortar business. In 2010, Lojas Americanas opened 70 new stores, and the company remains on track to fulfill its guidance to open 330 additional stores in the 2011-13 period. Moreover, positive factors such as i) low average sales ticket; ii) broad assortment of products; iii) penetration in all social classes and iv) nationwide presence, place the company in a good position compared to other retailers, even in a tighter scenario of credit scarcity and interest rate increases. Risks: strong competition for its subsidiary B2W in the e-commerce sector and a P/E multiple higher than the sector average.

		Current	52 - week		Performance	
Company	Ticker	Price	High	Low	YTD	12M
Lojas Renner	LREN3	58.05	65.44	35.83	5.8%	45.3%



Catalyst: The solid results of 1Q11 reinforced our confidence in Renner's strategy. Sales growth has definitely returned to higher levels, with SSS up 11.2% YoY, despite the strong comparison base, and was better than the previous two quarters, which presented growth of around 10%. The increase in the cost of cotton did not affect Merchandise gross margin, which remained at 53.0%, flat YoY. Consumer finance services also continued to contribute positively, and an outstanding reduction in losses from bad debt helped to sustain the consolidated EBITDA margin. Furthermore, supported by new and smaller formats, Renner has an ambitious expansion plan to open 30 stores in 2011 (20 compact) and 160 stores in the next five years (100 compact), more than doubling its current 135 stores. Finally, the acquisition of the 27 stores of home and decor retailer Camicado, announced at the beginning of April, is a good long-term opportunity, as it is Renner's first step into a new segment of retail that complements its current operations. Risks: execution risks related to the new compact store format and margin compression from the pre-operating expenses of new stores.

		Current	52 - week		Performance	
Company	Ticker	Price	High	Low	YTD	12M
Petrobras	PETR4	25.60	31.42	23.35	-5.2%	-19.5%



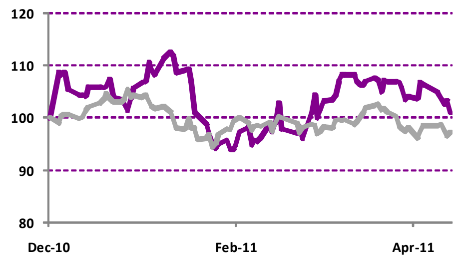
Catalyst: The company's share prices underperformed the Ibovespa in April due, in our opinion, mainly to the current difference of local and international prices for gasoline and diesel. We believe that the company will be allowed to adjust prices in the near future and if it happens, it would allow a rebound in its share prices. We continue to believe in the company's bright growth potential ahead. Risk: extended period with continued frozen prices for gasoline and diesel.

"LONG"/Overweight – Suggested Portfolio

Stock x IBOV

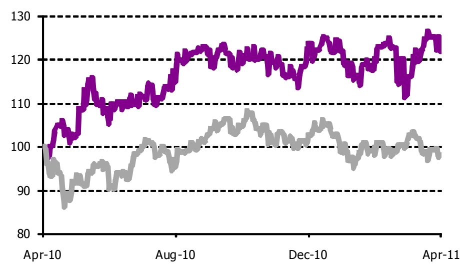
Company	Ticker	Current Price	52 - week High	52 - week Low	Performance YTD	Performance 12M
Raia	RAIA3	24.20	27.19	22.07	-4.9	-

Catalyst: After several quarters of more modest growth in 2010, which were impacted by a strong comparison basis, Raia's same store sales growth is likely to return to double digits in 1Q11. The company has an aggressive organic expansion plan for its drugstore chain, with expectations to open at least 60 new stores in 2011 and 90 in 2012. This plan should boost the company's growth further, and is essential to keep it in a prominent position in the consolidating drugstores market, gaining scale and reducing the gap of margin from its main peers. Moreover, with a net cash position strengthened after the IPO, the company has been investing in working capital to negotiate better prices with suppliers. The net cash position also allowed Raia to take advantage of the annual price adjustment at the end of March, purchasing a large amount of inventories at unadjusted prices to sell with new price conditions from April on. Those strategies affect sales positively, offering better prices to consumers, at the same time that gross margin improved. Risks: execution of the organic expansion plan.



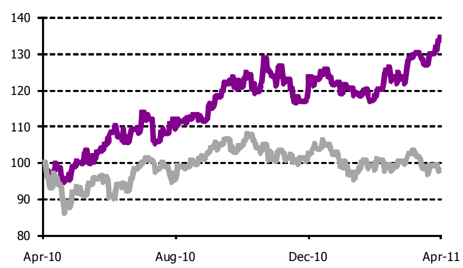
Company	Ticker	Current Price	52 - week High	52 - week Low	Performance YTD	Performance 12M
Telesp	TLPP4	41.47	43.10	28.87	8.6%	40.4%

Catalyst: According to our model, the upside potential of TLPP4 is still high, as the synergy gain from the acquisition of VIVO is not fully priced in. In addition, we highlight that the dividend payment should continue strong, considering the high Free Cash Flow and the low Net Debt registered by the company. Risk: The competition in the telecom sector is strong, even in the fixed segment. Moreover, the merger between Telesp and VIVO could provoke higher costs in the short term.



Company	Ticker	Current Price	52 - week High	52 - week Low	Performance YTD	Performance 12M
Tietê	GETI4	26.10	26.15	16.82	8.7%	48.2%

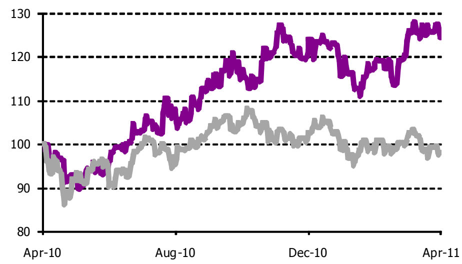
Catalyst: We estimate that the company will continue to distribute good dividends in 2011, due to the company´s high cash generation from the contract for sale of electricity to Eletropaulo. In 2010, the payout ratio was 117%. Risks: in the long term, the company will sell its electricity through auctions held by the government, a fact that could mean lower prices than the current ones in the contract with Eletropaulo, which expires in 2015.



"LONG"/Overweight – Suggested Portfolio

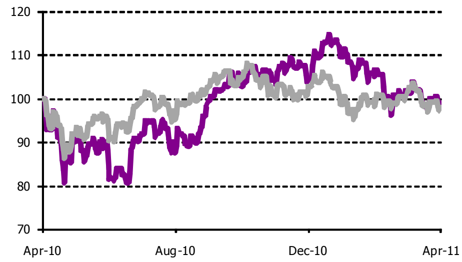
Stock x IBOV

Company	Ticker	Current Price	52 - week High	52 - week Low	Performance YTD	Performance 12M
Tractebel	TBLE3	27.56	28.68	19.00	0.4%	28.1%



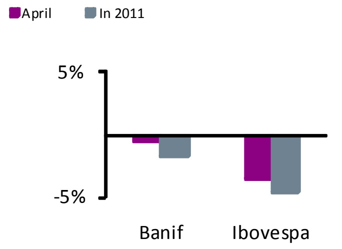
Catalyst: The company reported strong 1Q11 results, with increased EBITDA and Net profit. We prefer generation companies rather than distribution companies, which will face the third cycle of tariff revision that should reduce companies´ tariffs. Risks: Any increase in the cost to construct Jirau power plant should be absorbed by the consortium controller of the power plant, and we believe that the increase in cost would not be transferred to Tractebel. This is because a committee independent of Tractebel must approve the acquisition of Jirau by Tractebel.

Company	Ticker	Current Price	52 - week High	52 - week Low	Performance YTD	Performance 12M
Vale	VALE5	46.07	52.94	36.09	-3.1%	-0.7%



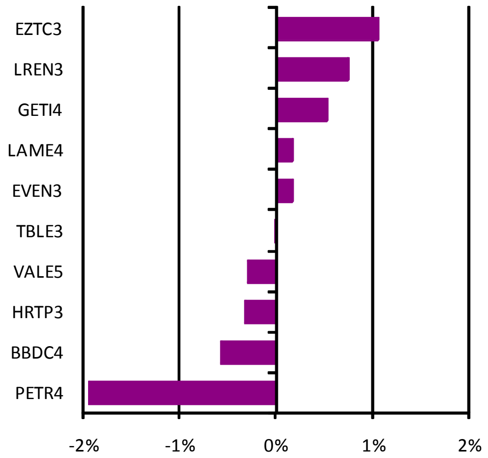
Catalyst: The high prices for the commodities it produces and sells is expected to bring solid 1Q results, to be reported at the beginning of May. We expect that, at this point, these strong results can be more influential than the current fears on the directions from the new top management. Since the CEO change, a process forced by the Federal Government, the market fears that the company would be forced into investments with higher social benefits than economic, out of the company's core business.

Banif (LONG) x Ibovespa



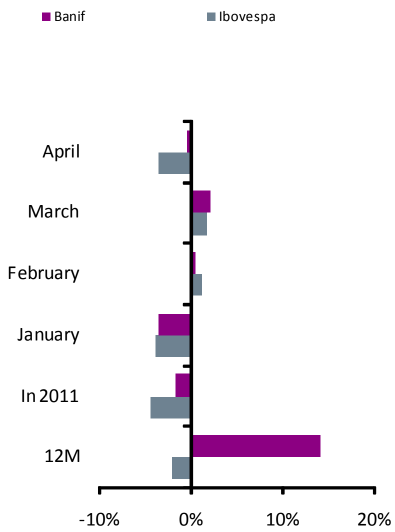
Source: Economática

Weighted performance in April11



Source: Economática. Weighted performance of the stocks from the recommended portfolio

Banif x Ibovespa Evolution



2009	Banif	IBOV	Banif - Ibov
Jul-09	8.03%	6.41%	1.61%
Aug-09	5.72%	3.15%	2.57%
Sept-09	9.75%	8.90%	0.85%
Oct-09	0.57%	0.05%	0.52%
Nov-09	8.83%	8.93%	-0.10%
Dec-09	1.05%	1.87%	-0.82%
2010	**Banif**	**IBOV**	**Banif - Ibov**
Jan-10	-2.57%	-4.65%	2.08%
Feb-10	1.53%	1.68%	-0.15%
Mar-10	4.30%	5.82%	-1.52%
Apr-10	-3.37%	-4.04%	0.67%
May-10	-3.18%	-6.64%	3.46%
Jun-10	-0.25%	-3.35%	3.10%
Jul-10	12.13%	10.80%	1.33%
Aug-10	0.42%	-3.51%	3.93%
Sept-10	7.01%	6.58%	0.43%
Oct-10	3.67%	1.79%	1.88%
Nov-10	-1.26%	-4.20%	2.94%
Dec-10	0.88%	2.36%	-1.48%
2011	**Banif**	**IBOV**	**Banif - Ibov**
Jan-11	-3.62%	-3.94%	0.32%
Feb-11	0.35%	1.22%	-0.87%
Mar-11	2.15%	1.79%	0.36%
Apr-11	-0.49%	-3.58%	3.09%
In 2011	**-1.69%**	**-4.57%**	**2.89%**
12M	**14.16%**	**-2.07%**	**16.23%**
18M	**30.27%**	**6.99%**	**23.28%**

Source: Economática and Banif - Research

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