MANAGER'S REPORT AUGUST 2025

K10

MACRO OUTLOOK

The K10 fund delivered a 3.30% return in August. All books contributed positively, with the largest gains coming from interest rates and commodities.

The global economy continues to show signs of moderate slowdown. Labor markets in countries such as the United States, Canada, the United Kingdom, and Sweden keep deteriorating, and there is a growing risk of a more pronounced increase in unemployment rates. So far, the impact of import tariffs on prices has been contained, and inflation in developed economies remains under control, which should allow central banks to recalibrate policy rates.

This combination of gradual weakening in activity, falling inflation, and monetary easing should extend the global economic cycle, which historically has been associated with periods of positive returns for risk assets.

Our portfolio remains positioned to receive rates in regions further along in the economic cycle, short the U.S. dollar, and long equities. The favorable global backdrop has allowed us to seek investment opportunities in more leveraged countries and in assets embedding higher risk premiums.

ARGENTINA IS BACK ON OUR RADAR.

Since taking office in 2023, President Milei's government has implemented a major macroeconomic adjustment, despite having only a very limited congressional base. A fiscal adjustment of 4.5% of GDP was achieved through significant cuts in subsidies and primary spending, contributing to a sharp drop in inflation, from 200% to 40% per year. More recently, an agreement with the IMF boosted international reserves and was accompanied by the liberalization of much of the FX market.

The national legislative elections will take place in October and are seen as a referendum on government policies. An incumbent victory would create a stronger congressional base, capable of maintaining vetoes against expansionary fiscal measures and blocking impeachment attempts. However, the Province of Buenos Aires held its election earlier, in early September, and the result was a defeat to the Kirchnerists.

In this context, the market began questioning the sustainability of economic policy and the viability of the government over the next two years. Local asset prices fell sharply, and the 5-year CDS widened by 500bps, reflecting a higher probability of sovereign default.

Despite the negative event, the government's approval rating remains relatively high, consistent with an expected 40% of the vote in the national legislative elections — which would be viewed positively. The challenge now is to preserve macroeconomic stability in the run-up to October's vote. A forced currency depreciation would likely hurt confidence in the government and complicate the electoral outlook.

In our view, Argentine assets currently price in an excessively high probability of a significant government defeat in October. Sovereign debt securities are already trading at deeply distressed levels, consistent with severe stress scenarios. We initiated long positions in Argentine credit and equities.

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POSIÇÕES

Currencies
We remain long the Japanese yen, Turkish lira, euro, and Indian rupee versus the U.S. dollar;

Equities
We remain long equities in the U.S., Brazil, and China, and added new long positions in Argentina;

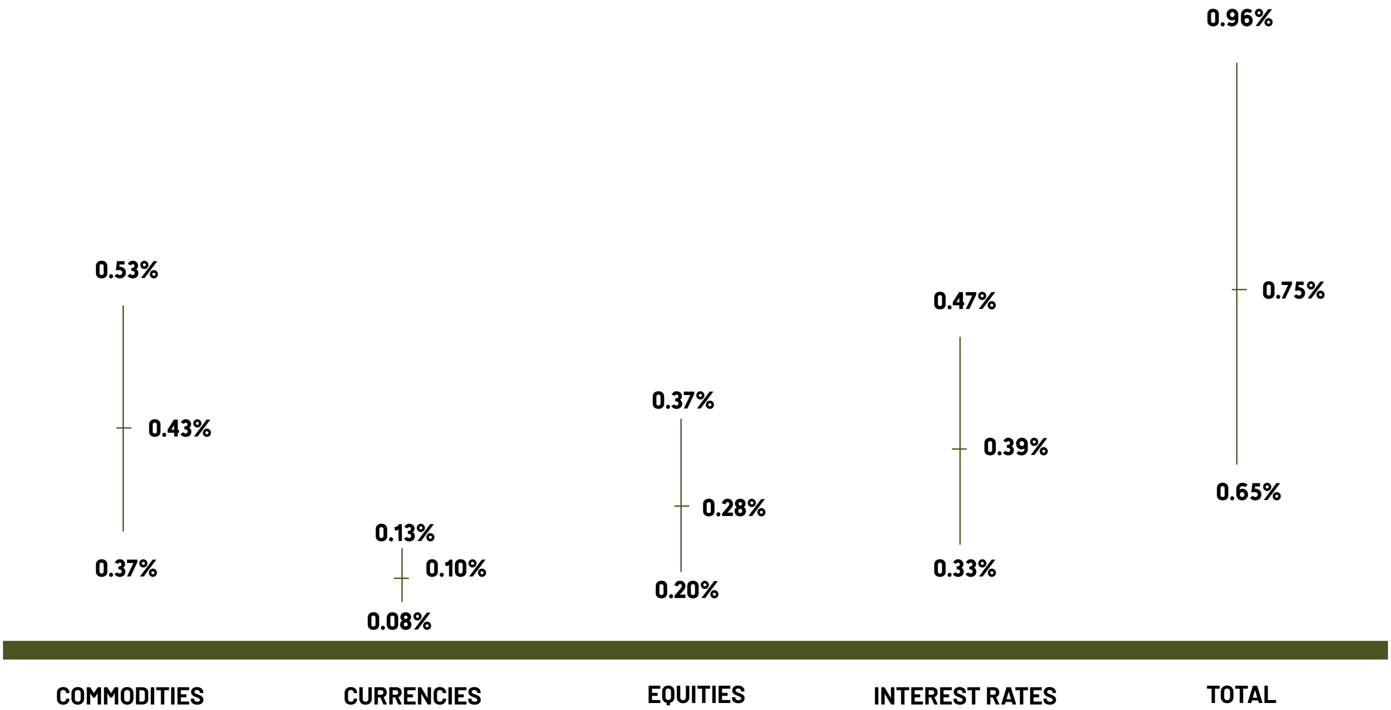
Commodities
We maintained short positions in coffee, soybeans, zinc, and oil, and long positions in gold and natural gas;

Interest Rates
We remain receiving rates in Brazil, Canada, Europe, Colombia, and Sweden. We closed our receiving position in Mexico and added a paying position in the long end of the U.S. yield curve.

RISK FACTOR ALLOCATION

*Minimum, average, and maximum throughout the month.

VaR 1d; 95% (% of AuM)



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PERFORMANCE ATTRIBUTION

K10 FIQ

(in Brazilian Reais)

	AUG/25	2025	12M	24M	60M	SINCE INCEPTION
Interest Rates	1.31%	2.77%	3.89%	-0.72%	11.87%	25.77%
Currencies	0.23%	1.33%	4.08%	2.57%	7.15%	5.69%
Equities	0.07%	2.11%	3.70%	4.45%	29.93%	40.79%
Commodities	0.72%	1.71%	2.49%	7.00%	34.70%	59.38%
Fees	-0.19%	-2.81%	-4.08%	-7.00%	-33.67%	-56.41%
	1.16%	9.02%	12.87%	25.52%	61.31%	81.44%
Benchmark (CDI)						
Performance	3.30%	14.13%	22.95%	31.82%	111.30%	156.66%
%Benchmark	283.40%	156.64%	178.41%	124.70%	181.54%	192.35%

Autorregulação ANBIMA
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