

K10



K10**MACRO OUTLOOK**

In March, the Kapitalo K10 fund returned -6.13%, compared to 1.21% for its benchmark. The interest rates and commodities books were the main detractors from performance.

Since the beginning of the conflict, the United States and Israel have significantly reduced the military capabilities of the Iranian regime, eliminating its leadership, gaining control of its airspace, destroying its industrial capacity, and severely weakening its navy. However, Iran still retains some ability to strike neighboring countries and vessels in the Persian Gulf, imposing political and economic costs on Gulf countries and the global economy.

Oil flows through the Strait of Hormuz have been reduced to nearly zero, leading to a significant tightening in global oil and refined products supply, pushing time spreads to the highest levels in recent history (Chart 1).

Governments have announced mitigating measures, such as lifting sanctions on Iranian and Russian floating oil inventories and releasing strategic reserves. However, their impact is limited, and over time, what initially appears as a flow disruption becomes a stock problem, as the depletion of operational buffers increases the likelihood of non-linear price movements.

The rise in oil prices – particularly in refined products – led to a significant repricing of inflation and interest rate curves. Several central banks, which prior to the conflict saw room for further easing, have adjusted their stance to a more cautious tone. For most countries, markets have shifted from pricing rate cuts to anticipating a modest tightening cycle (Chart 2).

We adjusted our portfolio accordingly: we closed our short position in oil and initiated long positions in refined products, particularly diesel. We tactically reduced directional exposures in FX and equities. We remain receiving rates in the front end of the curve, but concentrated positions in developed markets with economic slack and low inflation, such as Canada and Sweden, as well as in local rates where the central bank has already begun its recalibration cycle.

Negative supply shocks create a dilemma for monetary policy, as they increase inflation while simultaneously weakening economic activity. In theory, central banks should respond gradually – or potentially not at all – focusing more on stabilizing economic activity than on counteracting the primary inflation effects, conditional on anchored long-term expectations.

The starting point also matters. The 2022 Ukraine war shock required a strong policy response, but occurred in an environment of near-zero interest rates, above-target inflation, elevated long-term expectations, and a highly overheated economy. The current situation is different: economies are in a more balanced cyclical position, interest rates are close to neutral, and current inflation is low – which should leave central banks in a more comfortable position to assess the effects of the shock over time.

Our visibility on the next phases of the conflict – and consequently on a resolution for the Strait of Hormuz – remains very limited. So far, attempts by the U.S. government to reach a negotiated solution do not appear to have made sufficient progress. In our framework, the window for the oil market to remain functional is short, measured in only a few weeks.



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CHART 1
Oil Time Spreads (Front Month Minus Sixth Contract)

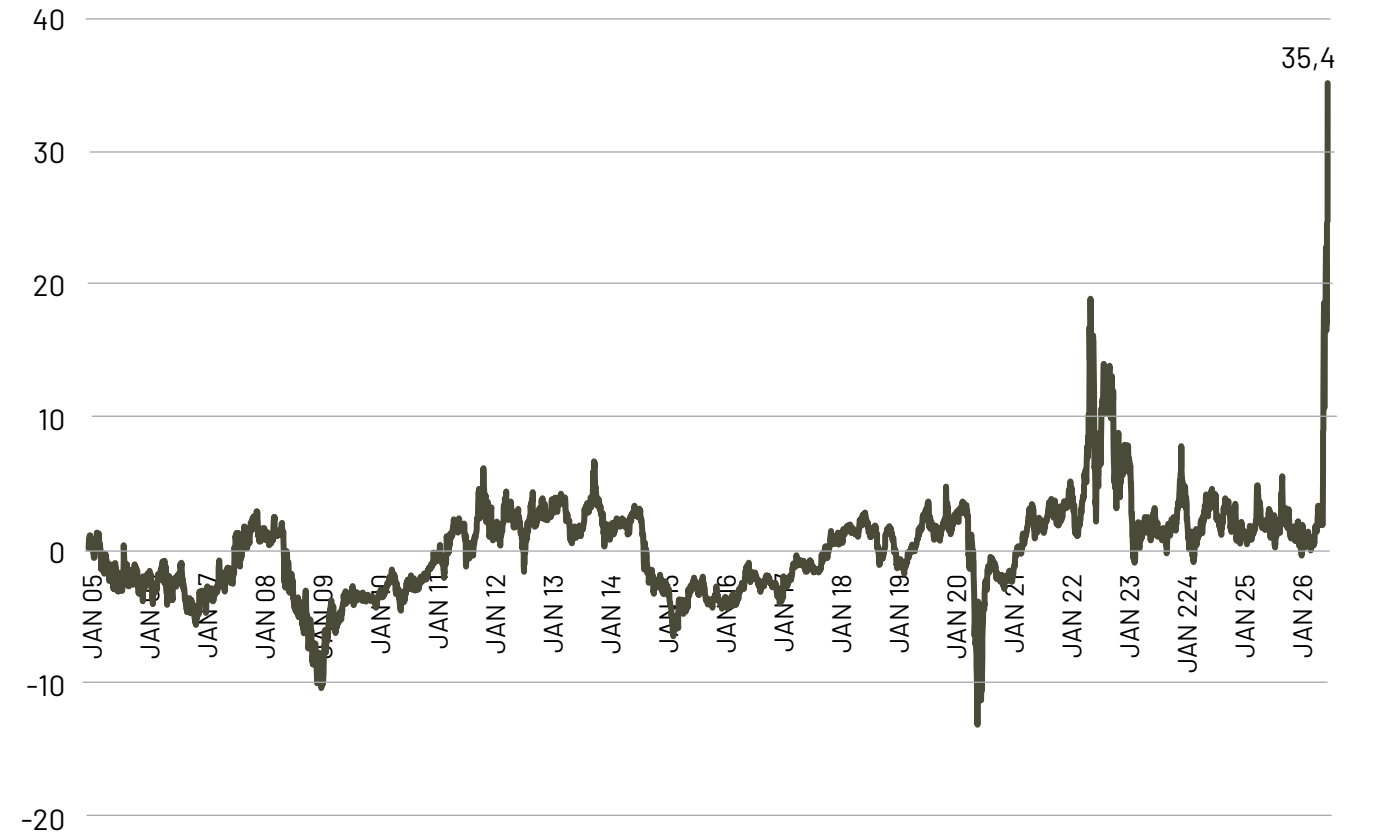
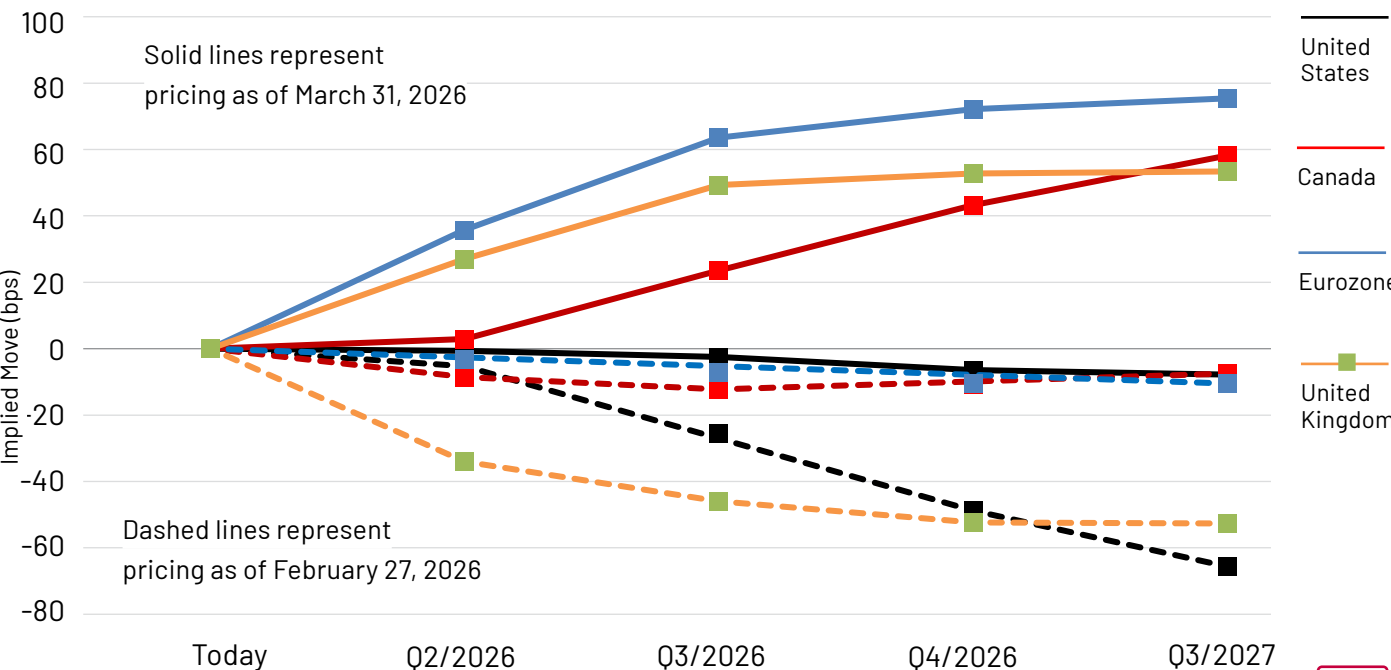


CHART 2
Pricing of Developed Market Yield Curves



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POSITIONS

Currencies

We continue long in the Chilean peso versus the U.S. dollar. We added a new short position in the Thai baht versus the U.S. dollar. We closed our long positions in the Japanese yen, Turkish lira, and South African rand versus the U.S. dollar.

Commodities

We continue short coffee and zinc, and long gold and aluminum. We closed our short position in silver. We added new long positions in oil and diesel, and a new short position in wheat.

Equities

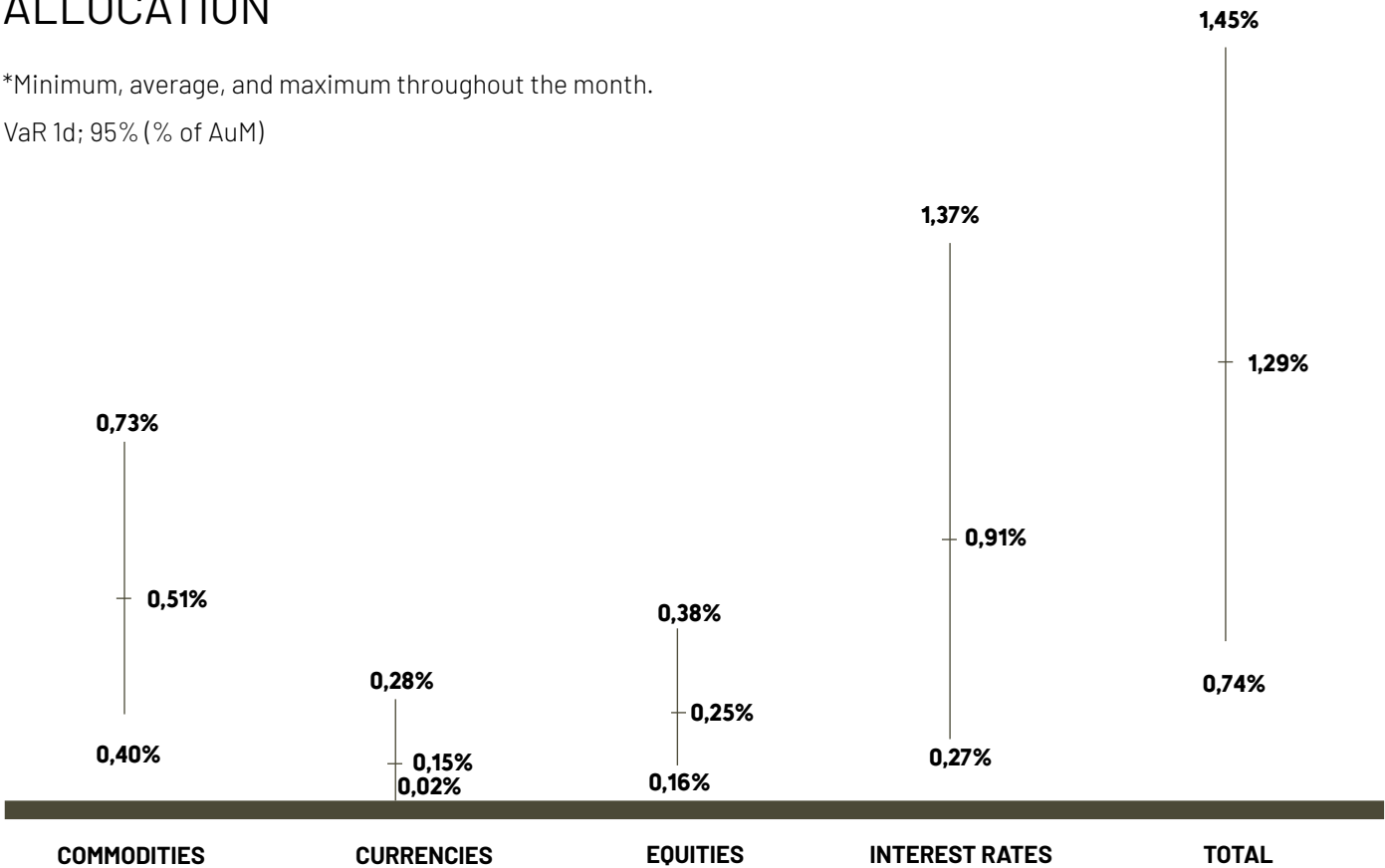
We maintain long equities in U.S. technology and Argentina. We added new short positions in Brazil and in the U.S. small caps index.

Interest Rates

We continue receiving rates in Brazil, Sweden, Mexico, and Canada. We closed our payer position in Chile and our receiving positions in Australia and South Africa.

RISK FACTOR
ALLOCATION

*Minimum, average, and maximum throughout the month.
VaR 1d; 95% (% of AuM)

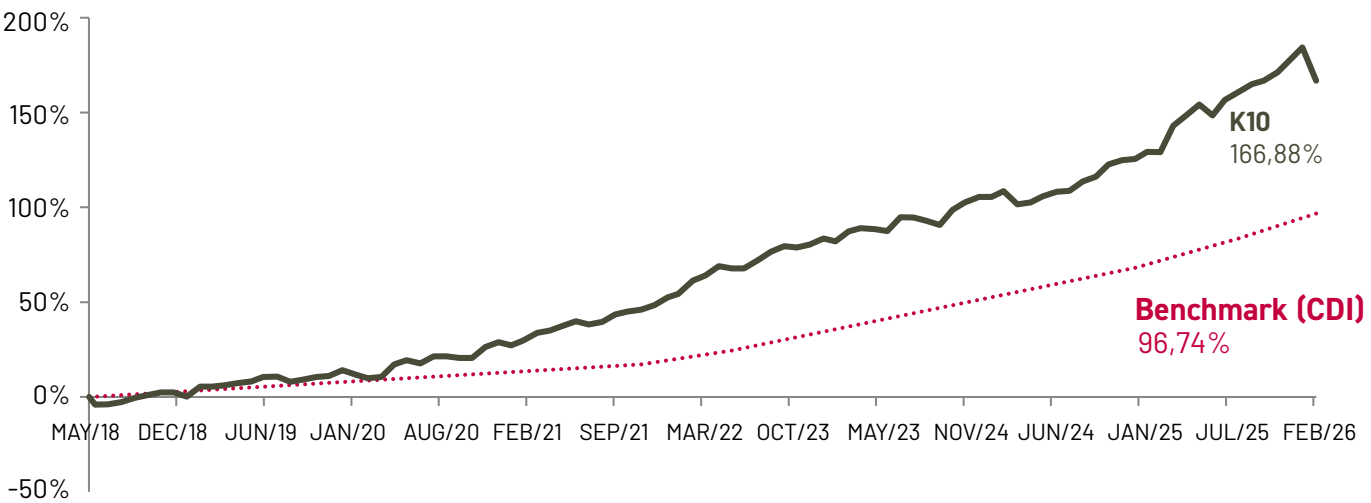


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PERFORMANCE
ATTRIBUTION

K10 FIQ	MAR/26	2026	12M	24M	60M	SINCE INCEPTION
Interest Rates	-2,62%	-0,82%	-2,33%	-2,26%	3,10%	19,13%
Currencies	-0,68%	-0,19%	1,43%	1,91%	5,20%	4,97%
Equities	-0,77%	-0,44%	2,71%	2,20%	20,67%	43,66%
Commodities	-3,68%	-3,06%	3,94%	5,55%	27,21%	66,81%
Fees	0,39%	-0,48%	-4,08%	-7,10%	-29,78%	-64,43%
Benchmark (CDI)	1,21%	3,41%	14,79%	27,72%	72,98%	96,74%
Performance	-6,13%	-1,59%	16,46%	28,01%	99,39%	166,88%
%Benchmark	-505,74%	-46,54%	111,32%	101,05%	136,18%	172,49%

PERFORMANCE
SINCE INCEPTION



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**Autorregulação
ANBIMA****Gestão de Recursos****kapitalo**
investimentos**KAPITALO INVESTIMENTOS LTDA**

Av. Brigadeiro Faria Lima, 3144

11º andar - Itaim Bibi

01451-000 - São Paulo, SP

(11) 3956-0600

kapitalo.com.br