MANAGER'S REPORT SEPTEMBER 2025

K10

MACRO OUTLOOK

The K10 fund returned 1.65% in September. The commodities book contributed positively, driven by long positions in gold, while the remaining books detracted from performance.

Economic data continue to point to a moderate global slowdown with low inflation, allowing central banks to recalibrate monetary policy. In the United States, the Federal Reserve resumed its easing cycle with a 25bp rate cut and signaled two additional cuts of the same magnitude in 2025. In Canada, the Bank of Canada also lowered its policy rate by 25bp, leaving the next steps open. Meanwhile, in Sweden, the Riksbank cut rates by 25bp, indicating that this is likely the last move of the current cycle.

The macro environment still appears favorable for risk assets. The K10 portfolio remains selectively receiving rates and long equities.

Following, we outline a few investment cases we have been pursuing.

ARGENTINA

The decisive defeat in the Buenos Aires provincial elections, combined with new corruption allegations and repeated legislative losses, has led the market to question the viability of President Milei's government.

Local asset prices fell sharply as markets tested the limits of the current economic program. The Argentine peso depreciated to the upper end of the FX band, requiring heavy reserve sales by both the Treasury and the Central Bank.

Concerns that Argentina could reach November with even lower reserves — significantly undermining its ability to service external debt — pushed 5-year CDS spreads up by roughly 500bps, reflecting a higher perceived probability of sovereign default.

This dynamic was contained after the U.S. Treasury announced its willingness to "do whatever is necessary" to support Argentina. Subsequently, the International Monetary Fund (IMF), World Bank (WB), and Inter-American Development Bank (IDB) also expressed readiness to expand their assistance programs.

The economy currently shows a fiscal surplus, a small current account deficit, and the government maintains popularity levels historically consistent with a solid electoral outcome. Nonetheless, the administration's limited congressional representation, an overvalued currency, and low reserve levels remain vulnerabilities that will likely be addressed after the October elections.

A reasonable election outcome should lead to a stronger congressional base, better political coordination, a weaker exchange rate, and higher reserves supported by U.S. aid. This combination would substantially reduce default probabilities. Accordingly, we adjusted our exposure, reducing our equity holdings and increasing our credit exposure.

MACRO OUTLOOK

OIL

After failing to make progress toward a potential end to the war, the Trump administration authorized Ukraine to expand its attacks on Russian energy infrastructure. Storage tanks, pipelines, and export terminals were targeted for the first time since the beginning of the conflict, rendering roughly 15% of Russia's total refining capacity unable to operate normally. We see a material risk of supply disruptions from Russia in the coming months.

However, ship-tracking data began to confirm the production increase promised by Organization of the Petroleum Exporting Countries (OPEC), pushing crude oil in-transit inventories to their highest levels since 2020. Physical market prices started to reflect a supply surplus, with the spot premium in Asia reaching its lowest level since June, and freight rates for November nearly doubling since early August. Given the size of the projected supply glut, we believe that even in the event of a moderate supply disruption, the market's equilibrium price would remain well below current levels. Therefore, we maintained our short position in oil, despite the increased geopolitical risk.

CORN

In its August World Agricultural Supply and Demand Estimates (WASDE) report, the U.S. Department of Agriculture (USDA) projected corn inventories well above historical averages. Nevertheless, prices rose from US$3.70 to US$4.30 between the August and September reports.

We believe this move was driven by short covering among speculators — who held around 200,000 short contracts at the time — amid market concerns that U.S. production could be revised downward due to reports of above-average crop diseases and strong export sales in recent months. We do not share these concerns and believe the corn balance supports prices closer to production costs.

First, weather-based statistical models, Normalized Difference Vegetation Index (NDVI) data, crop condition reports, and field tours all point to high U.S. crop productivity. Part of the market seems to associate the late-season dryness (after August 15) with potential yield revisions, as happened last year, but statistically, that relationship does not hold.

The strong export figures so far are likely due to front-loading by certain importers and delayed commercialization in Brazil and Ukraine, both of which currently have seasonally high inventories and a delayed harvest, suggesting increased export competition in the coming months.

For the 2025/2026 crop year, we expect U.S. exports to fall significantly below USDA estimates. The agency assumes higher Chinese corn imports — a view unsupported by domestic Chinese prices or the favorable weather that benefited local yields. Moreover, the USDA does not account for higher expected Argentine exports, as projected by local consultancies and much of the market.

With the August report increasing planted acreage to over 98 million acres and higher ending stocks from the previous crop year — which we had anticipated given the lack of tightness in the physical market — we expect a substantial inventory build, even if some of our assumptions prove incorrect. As a result, we initiated a short position in corn on the Chicago Board of Trade (CBOT).

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POSITIONS

Currencies
We remain long the Japanese yen, Turkish lira, and Indian rupee versus the U.S. dollar. We closed our long position in the euro.

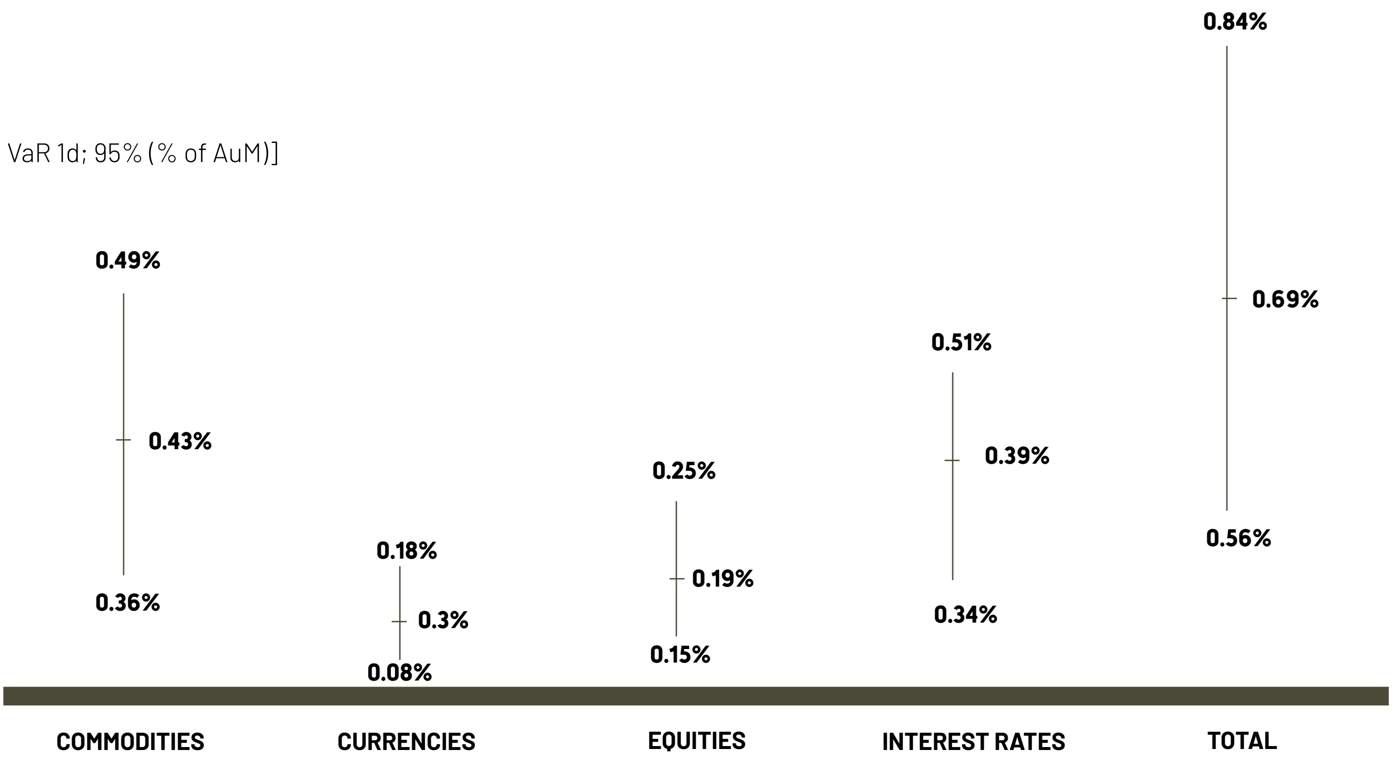
Equities
We remain long equities in the U.S. and China. We closed our long position in Argentina and initiated a short position in Brazil.

Commodities
We maintained short positions in coffee, soybeans, zinc, and oil, and remain long gold and natural gas. We added a new short position in corn.

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

RISK FACTOR ALLOCATION

*Minimum, average, and maximum throughout the month.



K10

PERFORMANCE ATTRIBUTION

K10 FIQ	SEP/25	2025	12M	24M	60M	SINCE INCEPTION	
Interest Rates	**-0.79%**	**1.89%**	**1,76%**	**1.12%**	**11.32%**	**23.73%**	(in brazilian reais)
Currencies	**-0.22%**	**1,10%**	**3,42%**	**1.82%**	**7.56%**	**5.14%**	
Equities	**-0.09%**	**2.04%**	**3,02%**	**4.36%**	**29.57%**	**40.56%**	
Commodities	**1.69%**	**3.66%**	**4,69%**	**9,31%**	**39.74%**	**63.71%**	
Fees	**-0.16%**	**-3.03%**	**-4,03%**	**-7.21%**	**-34.71%**	**-55.90%**	
Benchmark (CDI)	**1.22%**	**10.35%**	**13,30%**	**25,82%**	**63.02%**	**83.66%**	
Performance	1.65%	16.02%	22,16%	35.22%	116.50%	160.90%	
%Benchmark	**135.52%**	**154.74%**	**166,62%**	**136.40%**	**184.85%**	**192.33%**	

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