MANAGER'S REPORT APRIL 2026

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MACRO OUTLOOK

In April, the global macroeconomic environment continued to be shaped by the persistence of the energy shock, with more visible effects on inflation and initial signs of impact on economic activity. The backdrop combined broader inflationary pressures with rising uncertainty regarding the duration and magnitude of the shock, even under a scenario of eventual geopolitical normalization. At the same time, central bank responses remained guided by caution, with gradual adjustments and a high degree of dependence on incoming data, reflecting a more complex and heterogeneous balance of risks across major economies. Below, we present our macroeconomic assessment for the United States, Europe, China, and Brazil.

In the United States, the FOMC kept interest rates unchanged at its April meeting, in line with expectations. Forward guidance, however, turned more hawkish. In the post-meeting statement, the Committee maintained an easing bias, implying that rate cuts remain more likely than hikes. Even so, there were three dissenting votes from members who preferred to remove this bias altogether, and during the press conference, Chair Powell indicated that the center of the Committee is moving toward a more neutral stance. In practice, rate cuts have become highly unlikely, at least over the next few months. At the same time, the Fed remains far from adopting a tightening bias, unlike some other central banks. Current communication suggests that interest rates are well positioned, signaling an extended period of stability.

This communication takes place against a backdrop of resilient activity at the start of the year, with domestic private demand growing at a 2.5% annualized real rate in the first quarter, a stable labor market with low unemployment, and inflation running above target even before the oil shock. The conflict in the Middle East has increased concerns regarding inflation convergence toward the 2% target.

The April FOMC meeting was likely Powell's last as Chair of the Committee. Kevin Warsh, nominated by President Trump, is expected to be confirmed by the Senate before the next meeting in June. Over the past year, Warsh has advocated for lower interest rates, arguing that the inflationary impact of tariffs is temporary and that advances in artificial intelligence will represent a positive productivity shock with disinflationary effects. Even so, regardless of whether he maintains this view, it appears difficult for a majority of the Committee to support rate cuts in the short term.

In addition, during the April meeting, Powell signaled that, even after stepping down as Chair, he intends to remain on the Fed Board for an indefinite period (his term only expires in 2028). The decision is directly related to the ongoing investigation into the renovation of the institution's headquarters. Although the Department of Justice has indicated that the case is closed, an internal investigation remains underway, and expectations are that Powell will remain on the Board at least until its conclusion.

In Europe, uncertainty surrounding the conflict in the Middle East and volatility in commodity prices remained elevated throughout April. At the same time, the risk that the price shock becomes more persistent increased, even under a scenario of conflict resolution, reflecting the destruction of productive and logistical capacity.

The direct effects of higher energy prices are already becoming more visible in inflation data. In the Eurozone, inflation accelerated to 3.0% in April, while in the United Kingdom it reached 3.3% in March. On the other hand, core inflation measures have remained relatively contained so far.

Risks to activity also appear to have intensified: the Eurozone composite PMI declined meaningfully in April. In addition, first-quarter growth surprised to the downside, with GDP expanding only 0.1% quarter-over-quarter.

Against this backdrop, central banks continue to assess the appropriate response to the combination of a negative supply shock and elevated uncertainty. The ECB is currently expected to raise interest rates at its next meeting unless there is a significant reversal of the shock — particularly through conflict resolution and a meaningful decline in energy futures curves.

In the United Kingdom, the Bank of England adopted a more cautious stance, weighing the trade-off between inflation and activity. Part of the Committee believes that a relatively softer labor market may limit second-round effects from the shock. Even so, the tightening bias remains in place, with one member already voting for a hike and the possibility that additional members could join in upcoming meetings.

In China, first-quarter GDP surprised positively, giving Politburo authorities some comfort to modestly tighten the economic policy stance at the meeting held at the end of April. Considering the lower growth target for the current year, it appears that the need for additional stimulus is gradually fading.

In Brazil, regarding activity, March data showed stronger credit growth and formal job creation that surprised the market to the upside. At the same time, household debt burdens continue to rise, and we do not see robust evidence of accelerating wages. Our GDP tracking indicator continues to point to a reacceleration of the economy in the first quarter. In addition, the rescheduling of court-ordered payments (precatórios) by the federal government and a new household debt restructuring program, expected to be announced in May, should either anticipate or add some stimulus to the economy during the first half of the year.

On the fiscal front, the strong performance of tax revenues has not been accompanied by an improvement in the primary balance. The government began the year accelerating budget execution, adopting a different strategy from the one observed last year. The month was marked by the design of programs aimed at mitigating the impact of the war on fuel prices and containing the risk of supply shortages. The measures announced so far are temporary and may later be extended. Since Brazil benefits from higher royalties, dividends, and corporate profits when oil prices rise, these programs do not currently represent a significant threat to this year's fiscal outcome.

On inflation, the scenario continued to deteriorate throughout April. In addition to pressures stemming from higher oil prices, we also observed accelerating food prices, broadening the impact on headline inflation. Against this backdrop, we revised our 2026 inflation forecast to 5.1%. From a qualitative perspective, inflation remains pressured: both core services and the average of core measures deteriorated again at the margin, operating at levels inconsistent with compliance with the 3% inflation target.

Finally, on monetary policy, the Central Bank delivered another 25-basis-point cut in the Selic, Brazil's policy rate, and indicated that it will use the time until the next meeting to gather additional information and, if necessary, adjust the pace and extent of the recalibration cycle. We continue to monitor the evolution of inflation expectations, which Board members have already highlighted as a key variable in Copom's reaction function.

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POSITIONS

Interest Rates
We increased long positions in Canada, Sweden, and the Eurozone, as well as positions in nominal and real rates in Brazil. We opened short positions in U.S. rates.

Commodities
We increased long positions in oil and short positions in coffee, while maintaining long positions in gold and copper and short positions in zinc.

Equities
We maintained long and relative value positions in Brazilian equities, as well as long positions in global equities.

Currencies
We increased short positions in the U.S. dollar and reduced long positions in the Brazilian real and Canadian dollar. We maintained short positions in the Colombian peso, the Australian dollar, and the euro.

PERFORMANCE ATTRIBUTION

Regarding performance attribution, positions in equities, commodities, and interest rates contributed positively, while currency positions detracted.

In Brazilian equities, positive contributions came from positions in the following sectors: Metals & Mining, Capital Goods, Utilities, Construction, Healthcare, and Technology. Negative contributions came from positions in Consumer, Pulp & Paper, Oil & Gas, Financial Services, Telecom, Banks, Transportation & Logistics, and Shopping Malls.

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	APR/26	2026	12M	24M	60M	120M
Fixed Income	**0.19%**	**-3.82%**	**-3.65%**	**1.00%**	**6.25%**	**12.21%**
FX	**-0.07%**	**0.17%**	**0.15%**	**-1.44%**	**0.48%**	**-2.77%**
Equities	**2.27%**	**2.49%**	**15.61%**	**26.40%**	**40.48%**	**67.32%**
Commodities	**0.11%**	**-1.20%**	**0.65%**	**1.83%**	**4.50%**	**8.50%**
Fees	**-0.65%**	**-2.54**	**-6.07%**	**-9.50%**	**-22.88%**	**-39.91%**
Performance	1.86%	-4.90%	6.69%	18.28%	28.83%	45.35%

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	APR/26	2026	12M	24M	60M	120M
Fixed Income	**0.10%**	**-4.60%**	**-5.58%**	**-0.74%**	**9.42%**	**72.52%**
FX	**-0.09%**	**0.09%**	**-0.03%**	**-1.97%**	**-0.05%**	**-10.69%**
Equities	**1.81%**	**-0.17%**	**8.86%**	**14.72%**	**19.44%**	**107.33%**
Commodities	**0.42%**	**-0.90%**	**1.26%**	**2.90%**	**7.55%**	**18.77%**
Fees	**-0.22%**	**-0.80%**	**-3.49%**	**-7.56%**	**-27.21%**	**-53.59%**
CDI	**1.09%**	**4.54%**	**14.83%**	**27.97%**	**74.51%**	**144.65%**
Performance do Fundo	3.11%	-1.84%	15.85%	35.33%	83.67%	278.99%
%Benchmark (CDI)	**284.94%**	**-**	**106.88%**	**126.29%**	**112.29%**	**192.88%**

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