MANAGER'S REPORT FEBRUARY 2026

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MACRO OUTLOOK

In February, the global macroeconomic environment was marked by relevant changes in U.S. trade policy, rising geopolitical tensions, and a continued cautious stance from major central banks. The environment combined institutional adjustments with still-limited impacts on activity and inflation, amid mixed economic data and persistent external uncertainties. At the same time, fiscal and political issues returned to the center of the debate across several economies, reinforcing a balance of risks that continues to warrant attention. Below, we present our macroeconomic assessment for the United States, Europe, China, and Brazil.

In the United States, the Supreme Court ruled illegal the import tariffs implemented under the IEEPA (International Emergency Economic Powers Act), legislation that allows the adoption of economic measures under the justification of national emergency. This includes the reciprocal tariffs and specific tariffs imposed on certain countries (such as China, Brazil, and India). However, the Trump administration has already replaced these tariffs with a global tariff of 10% implemented under Section 122 of the Trade Act, with the stated intention of raising it to the maximum allowed level of 15%. Tariffs implemented under Section 122 are limited to a duration of 150 days. In parallel, Trump announced plans to initiate investigations into most trading partners under Section 301, which would allow the tariffs to be implemented on a more permanent basis.

These changes imply a marginal reduction in the effective U.S. tariff rate but do not lead to significant changes in the outlook for inflation or economic activity. The Supreme Court did not rule on the fate of the approximately USD 150 billion already paid in tariffs under the IEEPA. The case now returns to a lower court. Potential reimbursements could provide some stimulus to the economy, albeit limited. At this stage, the process appears likely to be slow and decentralized, with each interested party filing individual legal claims.

Economic data released at the beginning of the year reinforced the Fed's unchanged stance. The January employment report surprised to the upside, and inflation accelerated at the margin. Even so, over recent years there have been several issues related to seasonal adjustments, meaning that January data may not accurately reflect the dynamics for the remainder of the year. Overall, the labor market continues to show limited dynamism (though without an increase in layoffs), and inflation fundamentals appear favorable this year, supported by smaller effects from import tariffs and a deceleration in the housing component.

President Trump announced the nomination of Kevin Warsh to replace Chair Powell at the end of his term in May of this year. In recent remarks, Warsh has advocated for lower interest rates, arguing that the inflationary impact of tariffs is temporary and that innovations in artificial intelligence will represent a positive productivity shock with disinflationary effects. Historically, Warsh has also supported a smaller Federal Reserve balance sheet.

Toward the end of the month, the United States and Israel launched attacks against Iran following an escalation of tensions between the countries and an initial attempt at a diplomatic solution. The domestic macroeconomic effects for the United States are quite limited, except in more extreme scenarios involving a prolonged conflict and a more significant increase in oil prices. Politically, the action may represent a liability for Trump, given that a significant portion of the U.S. population opposes a more interventionist foreign policy stance. This point is particularly relevant in the context of this year's midterm elections, in which expectations are that at least the House of Representatives could shift to a Democratic majority, while the Senate would be more likely to remain under Republican control.

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In Europe, high-frequency indicators suggest that activity remained resilient at the start of 2026, with improvements in industry and more modest gains in services. The composite PMI remains at a level consistent with growth of around 0.2% to 0.3% quarter-over-quarter. The sharp increase in new industrial orders in Germany suggests stronger production ahead, possibly associated with fiscal support and increased defense spending, albeit with the usual monthly volatility.

In addition, the disinflation process remains underway. Early national readings indicate that aggregate inflation in the region continues to run slightly below the European Central Bank's latest projections for February. The recent increase in energy prices represents a short-term upside risk, with a more relevant impact on headline inflation than on the core, meaning the ECB is likely to look through this shock.
In China, due to the holiday period and the start of the year, there has been limited data. PMI figures, to be released soon, are expected to indicate an economy growing at a weak pace. This issue is likely to be discussed during Politburo meetings early in the year, with some possibility that the growth target will be slightly revised downward. This will be the first key China-related topic to monitor. If the government does not adjust the usual "around 5%" target, the market will likely expect new stimulus measures to be announced shortly thereafter.

In Brazil, fourth-quarter GDP came in slightly weaker than market expectations. When looking at the details, the picture becomes somewhat less favorable. On the supply side, both the market and we expected a negative contribution from agriculture, but the result surprised positively. Even so, the GDP headline was weaker, reflecting disappointment in the cyclical components of activity. On the demand side, household consumption came in weaker than expected and remained flat over the quarter.

There has been a divergence between consumption and household income growth, which may suggest that part of income is being directed toward debt servicing, given elevated levels of delinquency and financial commitments.

The beginning of the year should be marked by a reacceleration in economic growth, mainly driven by the effects of the increase in the minimum wage and the new format of income tax exemption. Early indicators suggest that industrial production is likely to post positive growth in January, in line with our scenario.

On the fiscal front, January revenues remain strong and the year has started without significant pressures for spending contingency measures or budget freezes. With Congress in recess, fiscal discussions did not advance significantly. With lawmakers returning in February, the main highlight has been the constitutional amendment proposal addressing the end of the six-day workweek (6x1) schedule in Brazil. The sectors most affected are negotiating in Brasília potential compensation mechanisms, such as reductions in payroll taxes. Although the government's position so far has been against compensation, developments should be monitored closely, given that this issue represents an important policy agenda item in an election year.

In February, the preliminary inflation reading (IPCA-15) came in well above market expectations, registering 0.84% compared with the 0.56% consensus forecast. Despite the significant surprise, much of the result was explained by volatile items — such as airfares, personal care products, and auto insurance — which reduces the negative signal for underlying inflation dynamics. Our scenario remains constructive, with inflation projected to remain below 4% this year.

In the external sector, U.S. attacks on Iran increased uncertainty. Among the potential effects are higher oil prices and some depreciation of emerging market currencies, factors that could generate additional inflationary pressures. On the other hand, the shock may also improve Brazil's external accounts, given that oil and oil derivatives account for a relevant share of the country's trade surplus and may also contribute to higher fiscal revenues. Regarding inflation, the main transmission channel would be through fuel prices — particularly gasoline — but Petrobras' more conservative stance in response to external volatility reduces the likelihood of immediate pass-through in the short term.

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Finally, in recent public comments, the Central Bank Governor and board members reiterated the message from the latest policy statement. The intention is to recalibrate the level of monetary policy tightening starting at the next meeting, should the expected scenario materialize. We interpret the message of "serenity" as indicating that the adjustment pace will likely be 50 basis points per meeting.

POSITIONS

Interest Rates

We closed long positions in the United States and maintained long positions in the Eurozone, Sweden, and Canada, as well as tactical positions in Mexico. We also maintained positions in nominal and real interest rates in Brazil.

Commodities

We maintained long positions in gold, uranium, and aluminum and short positions in oil, corn, silver, zinc, and coffee.

Equities

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

Currencies

We maintained short positions in the U.S. dollar and increased long positions in the Chinese renminbi, the Brazilian real, and the Chilean peso. We also maintained long positions in the Mexican peso, the South African rand, the Turkish lira, the Japanese yen, the Indian rupee, and the Canadian dollar, as well as short positions in the Australian dollar, the Swiss franc, and the Thai baht.

PERFORMANCE ATTRIBUTION

Regarding performance attribution, positions in equities, commodities, currencies, and interest rates contributed positively.

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

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ZETA USD

	FEB/26	2026	12M	24M	60M	SINCE INCEPTION
Fixed Income	0.35%	1.48%	4.35%	1.12%	14.26%	20.30%
FX	0.31%	1.22%	0.78%	-0.46%	3.18%	-1.16%
Equities	4.06%	6.00%	20.62%	31.87%	50.46%	72.68%
Commodities	0.68%	0.54%	3.49%	4.19%	7.81%	11.17%
Fees	-0.56%	-1.24%	-5.41%	-7.79%	-22.99%	-37.92%
Performance	4.84%	8.01%	23.84%	28.93%	52.72%	65.08%

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(in Brazilian Reais)

	FEB/26	2025	12M	24M	60M	120M
Fixed Income	0.25%	1.25%	3.79%	-1.14%	21.42%	104.23%
FX	0.35%	1.19%	0.65%	-0.87%	4.09%	-16.62%
Equities	3.44%	4.78%	14.41%	22.46%	35.49%	145.64%
Commodities	0.76%	0.65%	4.16%	5.23%	11.96%	25.96%
Fees	-1.09%	-1.95%	-5.33%	-9.21%	-31.07%	-67.84%
CDI	1.00%	2.17%	14.50%	27.24%	71.25%	144.43%
Performance	4.70%	8.10%	32.18%	43.72%	113.15%	335.80%
% Benchmark (CDI)	470.91%	372.63%	221.92%	160.52%	158.80%	232.50%

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