MANAGER'S REPORT JULY 2026

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MACRO OUTLOOK

July was marked by renewed geopolitical tensions in the Middle East, which once again put upward pressure on energy prices and heightened uncertainty in the global outlook. At the same time, economic activity remained resilient across major economies, while inflation data showed more favorable signs, though not yet sufficient to materially alter central banks' stance. Against this backdrop, monetary authorities maintained a data-dependent approach in an environment that continues to combine moderate growth, inflation above target in several economies, and elevated geopolitical uncertainty.

During the month, relations between the United States and Iran deteriorated once again. Following a series of Iranian attacks on vessels transiting the Strait of Hormuz, the ceasefire between the two countries broke down and mutual attacks resumed, albeit on a smaller scale than at the outset of the conflict. As a result, shipping traffic through the Strait declined and oil prices rose again, though remaining below the highs reached at the beginning of the conflict. The latest indications suggest that talks aimed at de-escalating the situation are still underway. Nevertheless, these developments underscore the instability of the situation and the fragility of any agreement reached between the two countries.

Also in the United States, economic data released in July were benign. Second-quarter GDP showed an acceleration in private domestic demand, with both consumption and investment growing at a strong pace. The outlook for the year as a whole remains favorable, although some moderation is expected in the second half as the fiscal impulse fades. The labor market remains stable. At the same time, for the first time this year, inflation surprised meaningfully to the downside in the June release. Although the move appears exaggerated in some components, measures of underlying inflation and inflation breadth were also benign.

At its July meeting, the FOMC once again kept interest rates unchanged, with three dissenting members favoring a 25-basis-point hike. During the press conference, Chair Warsh surprised with a dovish tone. Several of his remarks suggested that he viewed markets as effectively doing some of the Fed's work by tightening financial conditions, which have a tangible impact on economic activity without requiring the Fed itself to adjust its policy rate. In addition, when pressed on the possibility of rate hikes should inflation remain elevated, his response appeared to downplay the role of the federal funds rate, shifting the focus instead toward managing inflation expectations or potentially adjusting the balance sheet. Overall, the impression was of a Chair favoring hawkish rhetoric over policy action. Even so, the rest of the Committee appears to remain concerned about inflation risks and willing to act, leaving the next meeting dependent on incoming inflation data. If core inflation remains more benign between July and September, the Committee may be able to keep rates unchanged. Risks, however, remain tilted to the hawkish side.

In Europe, the ECB kept interest rates unchanged at its July meeting, in line with expectations, maintaining its data-dependent stance without explicitly signaling its next steps. Since the previous meeting, the inflation outlook has once again become less favorable. Renewed geopolitical tensions have pushed oil and gas futures higher. In the gas market, the need to rebuild inventories ahead of winter, combined with challenges surrounding liquefied natural gas (LNG) imports, could keep prices under pressure over the coming months.

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On the activity front, data continue to surprise to the upside. Second-quarter GDP growth exceeded expectations, while preliminary July PMIs also showed broad-based improvement. Inflation accelerated from 2.8% to 2.9% in July, with only part of the recent increase in energy prices reflected in the index. We continue to expect a further acceleration to around 3.2% in August. Core inflation also edged higher but remains in line with ECB projections. We continue to see a rate hike in September as our baseline scenario. The combination of stronger activity and more persistent inflation also increases the likelihood that the tightening cycle could extend beyond September.

In China, the long-awaited Politburo meeting took place at the end of July. Against a backdrop of weaker-than-expected economic activity, there had been some expectation that policymakers would announce additional stimulus measures. So far, however, authorities have not moved in that direction. Instead, they focused on accelerating the implementation, during the second half of the year, of the fiscal policy measures already announced for 2026, including bond issuance quotas amounting to approximately 1.8% of GDP. They also indicated, without conveying any new sense of urgency, that additional measures could be implemented at an appropriate time.

In Brazil, economic activity gradually lost momentum over the course of the second quarter, with May and June data coming in somewhat weaker than we had expected. Around the turn of the half-year, the economy appears to be growing close to potential despite fiscal stimulus and the new credit programs introduced a few months ago. In the labor market, formal job creation remains around what we consider a neutral level, consistent with the latest unemployment figures.

On the fiscal front, the government released approximately BRL 6 billion in previously blocked expenditures, broadly in line with expectations. Tax revenues remain solid, while some downside surprises in expenditures support our view that the primary fiscal target should be met by year-end. Nevertheless, despite having managed to meet the target—or remain within its tolerance range—in recent years, the nominal deficit and federal public debt have risen to concerning levels.

In addition, the inflation outlook became more favorable in July, with recent releases prompting downward revisions to market forecasts. The magnitude of the move is relatively unusual: our analysis shows that, since 2002, inflation surprises as large or larger to the downside than those currently observed have occurred only 16% of the time. Against this backdrop, the median Focus Survey forecast for the 2026 IPCA (Brazil's official consumer price index), which stood at 5.30% at the beginning of July, is expected to end the month close to 5.0%, moving toward our 4.8% forecast. Although current inflation is showing signs of improvement in its composition, it remains above target, and convergence will still depend on maintaining restrictive monetary policy for an extended period, allowing demand to moderate and the economy to operate around its potential for some time.

Finally, there was no Copom meeting during the month, nor did recent public remarks by Central Bank board members or the Governor lead us to revise our baseline scenario for monetary policy.

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POSITIONS

Interest Rates
We increased long positions in the United Kingdom. We reduced long positions in Sweden and the Eurozone, as well as in Brazilian real rates.

Commodities
We maintained short positions in coffee, gold, and palladium and reduced short positions in oil and long positions in platinum. We increased long positions in corn.

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

Currencies
We increased long positions in the Brazilian real and tactical positions in the Mexican peso and Chilean peso. We maintained short positions in the British pound and Thai baht, as well as long positions in the Indian rupee and South Korean won. We reduced short positions in the Australian dollar and closed our long position in the U.S. dollar and our short position in the euro.

PERFORMANCE ATTRIBUTION

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

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

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	JUL/26	2026	12M	24M	60M	SINCE INCEPTION
Fixed Income	**-0.36%**	**-3.96%**	**-3.18%**	**-1.58%**	**7.26%**	**11.98%**
FX	**0.10%**	**0.86%**	**1.56%**	**0.54%**	**1.42%**	**-1.72%**
Equities	**-1.12%**	**2.83%**	**8.12%**	**22.85%**	**40.58%**	**67.84%**
Commodities	**-0.16%**	**-2.23%**	**-0.23%**	**-0.05%**	**2.36%**	**6.93%**
Fees	**-0.73%**	**-4.21%**	**-6.51%**	**-10.68%**	**-23.92%**	**-42.47%**
Performance	-2.27%	-6.72%	-0.24%	11.08%	27.70%	42.58%

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ZETA FIQ

(in Brazilian Reais)

	JUL/26	2026	12M	24M	60M	120M
Fixed Income	**-0.42%**	**-5.22%**	**-5.16%**	**-4.43%**	**10.88%**	**66.73%**
FX	**0.11%**	**0.83%**	**1.55%**	**0.46%**	**1.61%**	**-10.03%**
Equities	**-2.09%**	**-2.14%**	**0.06%**	**9.77%**	**15.41%**	**91.27%**
Commodities	**-0.17%**	**-2.15%**	**0.07%**	**0.51%**	**4.20%**	**14.43%**
Fees	**-0.20%**	**-1.35%**	**-3.22%**	**-7.14%**	**-27.52%**	**-48.48%**
CDI	**1.22%**	**8.14%**	**14.71%**	**29.09%**	**78.86%**	**144.73%**
Performance	-1.55%	-1.88%	8.01%	28.26%	83.44%	258.66%
% Benchmark (CDI)	**-**	**-**	**54.41%**	**97.12%**	**105.81%**	**178.72%**

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