MANAGER'S REPORT MAY 2026

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MACRO OUTLOOK

In May, the global macroeconomic environment continued to reflect the repercussions of geopolitical tensions and their impact on energy markets. The discussion shifted from focusing primarily on the magnitude of the shock to placing greater emphasis on its persistence and the potential secondary effects on inflation and economic activity. Against this backdrop, central banks maintained a cautious stance, remaining data-dependent while expressing increasing concern over inflationary risks. At the same time, activity indicators continued to display divergent trends across major economies, reinforcing an environment of heightened uncertainty. Below, we present our macroeconomic assessment for the United States, Europe, China, and Brazil.

In the United States, the Fed maintained a more hawkish tone in its communications. Nevertheless, the prevailing message continues to favor keeping interest rates unchanged while closely monitoring upcoming inflation data to assess whether the conflict with Iran will generate more persistent inflationary pressures.

Developments in the conflict remain fluid. More recently, expectations have increased that the United States and Iran could announce a preliminary agreement that would include the reopening of the Strait of Hormuz, while discussions regarding Iran's nuclear program would be postponed to a later stage. The normalization of shipping through the Strait would reinforce the view that the current supply shock is likely to have only transitory effects on inflation, reducing pressure for further interest rate hikes. Even so, we emphasize that the outlook remains highly uncertain.

In Europe, throughout May, the macroeconomic debate shifted from the magnitude of the energy shock to its persistence, reflected in oil futures curves remaining at elevated levels despite the absence of any meaningful escalation in the conflict in the Middle East.

Inflation data remained consistent with a shock that is still predominantly first-round in nature. In the Eurozone, inflation remained elevated and is expected to accelerate further in May, mainly reflecting higher energy prices.

Although the shock has led to an immediate repricing of inflation expectations, central banks continue to assess whether this movement will ultimately translate into more persistent inflation. So far, wages and other measures more closely linked to domestic inflation have remained relatively contained, with no clear evidence of second-round effects.

Risks to European economic activity also appear to have increased. Eurozone PMIs once again surprised to the downside in May, reinforcing signs of a slowdown across the region.

The ECB adopted a firmer communication throughout the month, signaling a rate hike at its June meeting. This stance appears to reflect a more precautionary approach in response to the persistence of the energy shock and the risk that inflationary pressures become more widespread should inflation expectations prove more persistent.

In the United Kingdom, the Bank of England continues to balance inflation and growth risks but still appears less inclined to deliver an immediate rate hike.

In China, April data released in May painted a different picture from that observed during the first quarter. Economic indicators came in weaker than market expectations, leading investors to consider the possibility that additional growth-support measures could be announced following the Politburo meeting scheduled for mid-year. It is also worth highlighting the increase in China's producer prices, reflecting both the impact of the conflict and higher prices for products related to artificial intelligence.

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In Brazil, May confirmed our view that the economy reaccelerated during the first quarter. Domestic final demand was the main driver of activity at the beginning of the year. Looking ahead to the second quarter, we see upside risks to growth stemming, for example, from higher-than-expected court-ordered government payments (precatórios) and new government-sponsored credit programs. The labor market remains tight, with average formal job creation continuing to exceed what we consider a neutral pace.

On the fiscal front, in its second bimonthly fiscal report, the government acknowledged higher mandatory spending on pensions and the Continuous Cash Benefit (Benefício de Prestação Continuada – BPC), leading to a larger-than-expected freeze in discretionary spending. At the same time, it revised upward projected revenues from higher oil prices. We remain confident that the primary fiscal target will be achieved by year-end. However, outside the primary balance, the government has increasingly relied on financial expenditures to finance or guarantee subsidized credit programs, creating implicit costs for the public debt trajectory. In addition, we continue to closely monitor discussions regarding compensation mechanisms related to the proposed elimination of Brazil's six-day workweek schedule ("6x1"), as well as negotiations in the Senate concerning the restructuring of agricultural sector debt. Both measures could have a meaningful impact on the trajectory of public debt.

Inflation remained challenging throughout May. Food prices continued to rise above their typical seasonal pattern, while concerns persist regarding the secondary effects of higher oil prices on raw materials and other components of the production chain. Furthermore, the labor market remains tight, contributing to the resilience of services inflation. From a qualitative perspective, both core services inflation and the average of core inflation measures remain at elevated levels that are inconsistent with achieving the inflation target, reinforcing the challenges surrounding price convergence over the coming quarters.

Finally, there was no Copom meeting during the month. In their public remarks, Committee members maintained the communication presented in the latest policy statement and meeting minutes.

POSITIONS

Interest Rates

We reduced long positions in Canada, Sweden, and Brazil, as well as short positions in U.S. interest rates. We increased long positions in the Eurozone and the United Kingdom.

Equities

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

Commodities

We increased short positions in coffee and wheat, and long positions in copper and corn. We maintained short positions in zinc. We reduced long positions in oil and closed long positions in gold.

Currencies

We closed short positions in the U.S. dollar and the Colombian peso, as well as long positions in the Brazilian real. We increased short positions in the Australian dollar, the British pound, the euro, and the Mexican peso.

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, Education, and Shopping Malls. Negative contributions came from positions in Banks, Utilities, Oil & Gas, Transportation & Logistics, Financial Services, Healthcare, Pulp & Paper, Telecom, Consumer, Construction, and Technology.

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	MAY/26	2026	12M	24M	60M	SINCE INCEPTION
Fixed Income	**0.81%**	**-3.05%**	**-2.90%**	**1.88%**	**7.09%**	**13.383%**
FX	**-0.12%**	**0.05%**	**0.26%**	**-1.65%**	**-0.41%**	**-2.95%**
Equities	**2.40%**	**4.78%**	**14.82%**	**26.45%**	**41.30%**	**70.82%**
Commodities	**-0.43%**	**-1.61%**	**-0.05%**	**1.45%**	**3.49%**	**7.88%**
Fees	**-0.45%**	**-2.97%**	**-5.99%**	**-9.69%**	**-22.23%**	**-40.57%**
Performance	2.21%	-2.80%	6.14%	18.44%	29.24%	48.56%

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(in Brazilian Reais)

	MAY/26	2026	12M	24M	60M	120M
Fixed Income	**0.83%**	**-3.83%**	**-4.78%**	**0.33%**	**10.82%**	**77.56%**
FX	**-0.919%**	**-0.09%**	**0.03%**	**-2.34%**	**-1.54%**	**-9.47%**
Equities	**1.80%**	**1.60%**	**7.92%**	**14.72%**	**20.04%**	**116.93%**
Commodities	**-0.45%**	**-1.36%**	**0.40%**	**2.50%**	**6.00%**	**18.20%**
Fees	**-0.10%**	**-0.91%**	**-3.56%**	**-7.29%**	**-26.07%**	**-56.64%**
CDI	**1.07%**	**5.66%**	**14.76%**	**28.28%**	**75.91%**	**144.57%**
Performance	2.97%	1.07%	14.77%	36.19%	85.17%	291.14%
% Benchmark (CDI)	**276.33%**	**18.86%**	**100.08%**	**127.98%**	**112.19%**	**201.39%**

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Gestão de Recursos

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