MANAGER'S REPORT

JUNE 2025

K10

MACRO OUTLOOK

The fund delivered a 2.30% return in June, with all four main books contributing positively.

We maintained our short positions in the US dollar, long positions in technology stocks, and long positions in interest rates in countries further along the economic cycle. In the commodities book, we reduced our short position in coffee and increased our short positions in soybeans and oil.

Below, we highlight an investment case that we expect to increase exposure to in the coming months: Colombia.

The current situation is highly reminiscent of Brazil in 2015–16: an unpopular left-wing government, a meaningful likelihood of regime change, a growing fiscal imbalance, and elevated local risk premiums. A favorable scenario, marked by the election of a center-right government with a fiscally responsible agenda, would likely trigger a significant compression in risk premiums.

Colombia: Fiscal Imbalance, Elevated Risk Premium, and Elections

Since taking office in August 2022, President Gustavo Petro has implemented a populist agenda characterized by greater state involvement in the economy, a substantial increase in income transfers, and economic policies that have negatively impacted productivity and potential growth.

There has been significant fiscal deterioration, with Central Government spending increasing from 21% to 24% of GDP between 2022 and 2024, largely driven by rising pension and healthcare costs. Colombia ended 2024 with a nominal deficit of 7.1% of GDP. The administration's lack of willingness to implement fiscal adjustments led to the suspension of the fiscal rule, effectively allowing for much looser fiscal policy going forward.

Credit rating agencies reacted by downgrading Colombia's credit ratings, and local assets have depreciated significantly, now pricing in a substantial fiscal risk premium.

CHART 1
5-Year CDS – Colombia vs. LatAm Peers

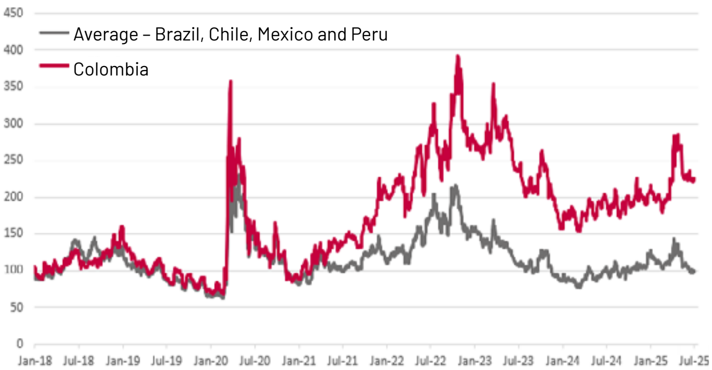


CHART 2
Colombia – 10Y Bond Yield - 10Y Swap Rate

Despite the fiscal populism and decent macroeconomic performance, with unemployment at historic lows and inflation on a declining trend, President Petro's approval ratings remain low by historical standards and are inconsistent with a re-election scenario in 2026. In fact, government-aligned candidates are polling poorly. Moreover, the issues that matter most to voters, such as healthcare and public security, are areas where the Petro administration is poorly rated.

This set of idiosyncratic factors, along with the broader trend of incumbent governments often failing to get re-elected across Latin America, suggests a high probability of a shift to a center-right government in the May 2026 elections.

In general, opposition candidates have shown awareness of the fiscal issue. The adjustment needed to stabilize public debt is estimated at 2.5% of GDP, which could reasonably be achieved through a combination of: i) tax increases, since Colombia's tax burden (27% of GDP) is low compared to the Latam average (31%); ii) spending cuts and lower increases to the minimum wage; and iii) a more fiscally conservative agenda that should help reduce interest expenses.

The combination of solid external fundamentals, particularly a low current account deficit that is fully financed by FDI, and the possible election of a fiscally responsible government may lead to a significant compression in Colombian asset risk premiums.

There are many risks involved, as the election is still distant, candidate profiles are unclear, and the current government may take steps to boost its popularity. Nonetheless, we believe the risk premium already embedded in Colombian assets justifies capital allocation, which we expect to increase in the coming months.

CHART 3
Colombia – Current Account (SA, % of GDP)

POSITIONS

Currencies

We remain long in the Japanese yen, Hong Kong dollar, and Australian dollar versus the US dollar. We closed long positions in the Turkish lira and euro, and short positions in the Chinese renminbi and Swiss franc.

Commodities

We maintained short positions in coffee, soybeans, zinc, and oil, and long positions in gold and natural gas.

Equities

We remain long in U.S. and Chinese equities. We closed our long position in South Korea and initiated a new long position in Brazil.

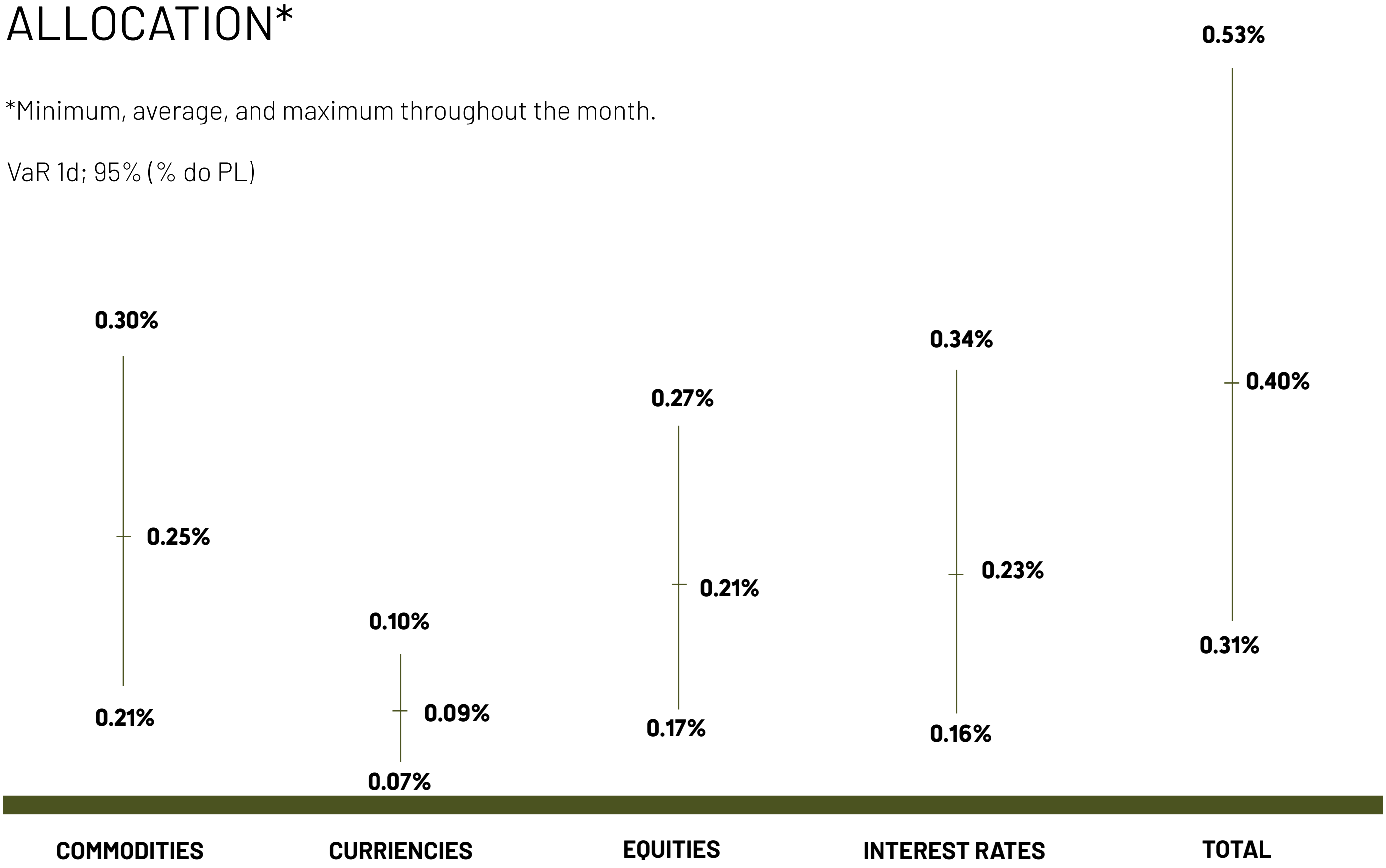
Interest Rates

We are receiving rates in the U.S., Mexico, and Brazil, and recently added a receive position in Canada.

RISK FACTOR ALLOCATION*

*Minimum, average, and maximum throughout the month.

VaR 1d; 95% (% do PL)



PERFORMANCE ATTRIBUTION

K10 FIQ	JUN/25	2025	12M	24M	60M	SINCE INCEPTION
Fixed Income	0.53%	3.24%	6.56%	0.15%	13.37%	26.37%
FX	0.11%	1.12%	2.83%	2.38%	9.86%	5.16%
Equities	0.89%	2.38%	2.71%	4.63%	32.78%	40.53%
Commodities	0.14%	2.23%	3.26%	10.27%	36.87%	59.22%
Fees	-0.46%	-2.37%	-3.98%	-7.11%	-34.87%	-54.23%
CDI	1.10%	6.41%	12.13%	25.24%	58.01%	77.10%
Performance	2.30%	13.02%	23.50%	35.56%	116.01%	154.16%
% Benchmark (CDI)	209.54%	203.16%	193.80%	140.91%	200.00%	199.96%

MANAGER'S REPORT

JUNE

2025

K10

Past performance is not a guarantee nor a reliable indicator of future performance and no representation or warranty, express or implied, is made regarding future performance. Any performance figures presented herein are gross of taxes. None of the shares of Kapitalo Global Fund SPC - Segregated Portfolio Zeta USD (the "Fund") has been or will be registered under the U.S. securities act of 1933, as amended. None of the shares of the Fund may be offered or sold, directly or indirectly, in the United States or to U.S. persons. Further, the fund has not been and will not be registered under the U.S. Investment Company Act of 1940 as amended. Investors will be required to sign representation letters that they are not U.S. Persons, and will not be permitted to transfer their shares or any interest in their shares to U.S. Persons. The Fund and its shares have not been and will not be approved or disapproved by nor registered with the Brazilian securities commission (Comissão de Valores Mobiliários – CVM) and no action has been or will be taken to permit a public offering in any jurisdiction where any action would be required for that purpose. The Fund and its shares have not been and will not be approved or disapproved by nor registered with any European regulatory authority. Accordingly, Funds' shares may not be offered or sold, directly or indirectly, and this material may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Pursuant to the regulations enacted by the Brazilian Financial and Capital Markets Entities Association (ANBIMA), an analysis of at least 12 (twelve) months is recommended when evaluating investment fund's performance. FOR A FULL LIST OF RISKS APPLICABLE TO THIS FUND, PLEASE REFER TO THE OFFERING DOCUMENTS. BEFORE MAKING ANY INVESTMENT DECISION, PLEASE READ THE RELEVANT PROSPECTUS, RULES AND OTHER OFFERING MATERIALS IN ITS ENTIRETY. The Fund had a name change event on May 15, 2019, before this date its name was Kapitalo International Fund SPC – Segregated Portfolio Sigma.

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