MANAGER'S REPORT DECEMBER 2025

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MACRO OUTLOOK

In December, the global macroeconomic environment remained characterized by heightened caution, with major central banks adjusting the pace of their decisions in light of recent developments in activity and inflation. The month featured signs of slowing growth in some economies, while the disinflation process continued to advance gradually. In this context, monetary policy remained guided by a prudent stance, reflecting the balance between risks to growth and the convergence of inflation toward target. Below, we present an overview of the month's macroeconomic developments in the United States, Europe, China, and Brazil.

In the United States, the Fed cut interest rates by 25 basis points at its December meeting. During the press conference, Chair Powell indicated that future decisions are likely to be conducted with greater caution. Even so, we continue to see additional rate cuts over the course of next year as likely. Inflation, excluding the effects of import tariffs, remains moderate and on a gradual path toward the target, while the labor market continues to exhibit low dynamism. Moreover, the median estimate of the neutral rate stands at 3%, below the current range of 3.5% to 3.75%, suggesting that, overall, the Committee still views monetary policy as somewhat restrictive.

In Europe, the ECB's December meeting unfolded broadly as expected, with projections turning slightly more hawkish. Growth estimates were revised upward, incorporating recent positive surprises in activity, while the inflation path is now projected to converge toward 2% over the medium term. Monetary policy guidance was maintained and described as being "in a good place."

According to sources within the ECB, the rate-cutting cycle is essentially over, barring the occurrence of a new shock and/or a prolonged period of inflation running below target. In the United Kingdom, the Bank of England delivered a rate cut, as expected, against the backdrop of a still-divided Committee. The easing bias remains in place; however, as observed in other central banks, the tone has become more cautious as policy rates approach estimates of neutrality, reflecting more limited room for further cuts.

In China, November data generally fell short of expectations. Industrial production has posted cumulative growth of 6% in 2025, supported by the recovery observed in segments linked to the anti-involution agenda. On the other hand, retail sales disappointed and represented the main negative surprise of the month. The real estate market showed marginal improvement, driven by sales of existing homes; however, this improvement appears seasonal in nature, and in our seasonally adjusted metrics, sales continue to decline.

In Brazil, throughout December, we continued to observe an economy growing below its potential. Data on credit, retail sales, services consumption, and industrial production point to modest GDP growth in the final quarter of the year. In contrast, the labor market remains resilient, with the unemployment rate declining and being supported by strong formal job creation.

On the fiscal front, the deceleration in economic activity has begun to more clearly affect tax revenues. Still, part of this impact was already anticipated, and the government is expected to close the year with a primary result between the lower bound and the midpoint of the target range.

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Regarding inflation, the final releases of the year indicated a well-behaved scenario, with the index expected to end 2025 around 4.3%. The main source of relief came from food prices, which surprised to the downside throughout the year, although this behavior is unlikely to be repeated in 2026. Goods inflation also remained quite benign, partly reflecting the currency appreciation observed over the year and increased imports of manufactured goods, particularly from China. In contrast, services inflation continues to show greater resilience, reflecting a still-tight labor market. For 2026, we project inflation at 4.0%, acknowledging that further disinflation is likely to occur more gradually and will depend on a cooling of activity and a rebuilding of slack in the labor market.

Finally, at its last meeting of the year, Copom more clearly acknowledged the ongoing economic slowdown and slightly lowered its projections for the relevant horizon. Changes to the statement signaled the possibility of a rate cut at the next meeting, at the end of January. On the other hand, the projections published in the Monetary Policy Report came in somewhat above market expectations, partially closing the door that had been left open in the statement.

POSITIONS

Interest Rates

We increased long positions in the United States and Canada, as well as in both nominal and real rates in Brazil. We maintained long positions in the Eurozone and Sweden, along with tactical positions in Mexico.

Commodities

We increased our long position in gold and reduced short positions in corn and oil. We maintained long positions in uranium and natural gas, as well as short positions in coffee and zinc.

Equities

We maintained our long and relative value positions in Brazilian equities and increased long positions in global equities.

Currencies

We increased short positions in the U.S. dollar and the euro, and long positions in the Mexican peso, the Chinese renminbi, and the Brazilian real. We maintained long positions in the Japanese yen, the Indian rupee, and the Turkish lira, as well as short positions in the Thai baht and the Swiss franc. We closed our short position in the Colombian peso.

PERFORMANCE ATTRIBUTION

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

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

KAPITALO GLOBAL FUND SP

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	DEC/25	2025	12M	24M	60M	SINCE INCEPTION
Fixed Income	-0.53%	4.29%	4.29%	-2.58%	12.01%	18.04%
FX	0.54%	-0.09%	-0.09%	-2.60%	-1.08%	-3.03%
Equities	5.97%	9.64%	9.64%	26.01%	40.94%	63.51%
Commodities	0.83%	2.37%	2.37%	4.15%	7.36%	10.34%
Fees	-0.41%	-4.47%	-4.47%	-6.39%	-21.15%	-36.03%
Performance	6.40%	11.74%	11.74%	18.58%	38.08%	52.84%

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(in Brazilian Reais)

	DEC/25	2025	12M	24M	60M	120M
Fixed Income	-0.71%	3.65%	3.65%	-5.27%	18.35%	102.97%
FX	0.54%	-0.18%	-0.18%	-3.31%	-2.57%	-9.50%
Equities	5.54%	2.83%	2.83%	16.68%	23.83%	129.92%
Commodities	0.86%	3.02%	3.02%	5.08%	11.06%	24.46%
Fees	-0.91%	-3.07%	-3.07%	-6.95%	-26.52%	-65.57%
CDI	1.22%	14.31%	14.31%	26.74%	68.09%	144.18%
Performance	6.54%	20.56%	20.56%	32.98%	92.24%	326.46%
% Benchmark (CDI)	535.76%	143.61%	143.61%	123.32%	135.48%	226.42%

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Autorregulação ANBIMA

Gestão de Recursos

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