

## Macro Outlook

The main theme still revolves around the possibility of a global recession and its signs. Overall, we observed a deceleration in inflation data around the world.

In the United States, inflation numbers showed a substantial deceleration in the core, measured by PCE, coming from 3.8% in May to 2.0% in June in monthly annualized terms. The main issue pushing the movement down was the goods sector, that began to deflate. Services on the other hand, didn't have much impact on the month's numbers, coming in stable and below expectations. Economic activity remains strong so far, in spite of the latest hikes in the Fed Funds rate. Second quarter GDP figures surprised to the upside when compared to the first quarter, with final demand remaining solid. The labor market and job creation although still strong, have shown weaker numbers when compared to June, and is putting the unemployment rate under pressure. In July, we also had the FOMC meeting raising the policy rate by 25bps after keeping it unchanged in June. Powell's speech after the meeting showed flexibility and pointed out that rates are unlikely to move much higher, but it still depends on the future inflation data.

In Europe, the ECB raised rates by 25bps as expected, but unlike the latest meetings, it emphasized that additional hikes are dependent on future data. Inflation decreased in the Euro Area, but core figures remain strong. Although GDP grew by 0.3% compared to the last quarter, it showed negative signs for the next quarter, with the drop in the services PMI and with the

transmission of interest rate hikes to credit data. In the United Kingdom, after exceeding expectations for the last two months, inflation came in weaker with a slowdown in the core as well. However, the inflationary scenario is still worse than in the Euro Zone and in the US.

In China, the economy is struggling to meet its growth target for the year due to weak numbers in both the external and real estate sectors. At the last meeting, the Politburo signaled that authorities see two imminent risks in the economy: i) a lack of liquidity for local financing; and ii) the real estate sector. Both should be addressed in the coming months, along with incentives to boost household consumption.

In Brazil, inflation printed a negative variation during the month, mainly due to measures taken in the vehicle and electricity sectors. Projections for the current and future years also decreased according to the FOCUS survey. Activity data did not surprise, and credit numbers are in line with the monetary tightening levels, which remained strong. The labor market also hasn't shown significant signs of slowing down, as hiring continues, without reducing unemployment. The foreign sector still showed strong numbers in the goods balance which, combined with the differential in interest rates, contributed to the appreciation of the Brazilian Real. Last month's highlight was the approval of the tax reform, and the beginning of the a rate cut cycle, as the COPOM lowered the policy rate by 50 bps at the beginning of August.

## Positions

- Rates: we opened long positions in nominal rates and real rates Brazil, and we maintained short positions in Europe inflation, short positions in Japan, long positions in Mexico and curve positions in the US;
- Equities, we increased long and relative value positions in Brazilian equities;
- Currencies: we opened short positions in the euro and the Swiss franc, and long positions in the Canadian dollar and the Chilean peso. We increased long

positions in the Mexican peso, the Brazilian real, the Norwegian krone and the Hungarian forint, and short positions in the Thai baht and the Polish zloty. We closed our long position in the Japanese yen;

- Commodities: we increased long positions in oil and short positions in corn. We maintained long positions in gold and copper and short positions in palladium and iron ore. We closed our short position in soybeans.

### Performance breakdown

Regarding performance, rates, equities and commodities contributed positively. Currencies contributed negatively. In Brazilian equities, the

main positive highlights were metals& mining, financial services e consumption. Losses were concentrated in construction.

### Fund's Performance breakdown

#### KAPITALO GLOBAL FUND SPC – ZETA USD (in US Dollars)

KAPITALO GLOBAL FUND SPC – ZETA USD									
Strategies	Jul/23	2023	2022	2021	2020	2019	12M	24M	Since Inception*
Fixed Income	1,05%	-0,02%	13,34%	1,54%	3,27%	1,83%	3,14%	16,01%	21,75%
FX	-0,40%	-0,63%	2,83%	-0,84%	1,17%	-1,03%	-0,56%	2,70%	-0,29%
Equities	1,52%	-0,07%	-1,41%	6,44%	-2,70%	15,70%	0,34%	0,95%	23,60%
Commodities	0,67%	0,40%	0,48%	2,01%	1,09%	0,57%	0,27%	1,04%	5,47%
Fees	-0,12%	-1,01%	-7,06%	-5,40%	-3,63%	-5,19%	-2,52%	-10,92%	-27,94%
<b>Performance</b>	<b>2,71%</b>	<b>-1,34%</b>	<b>8,19%</b>	<b>3,74%</b>	<b>-0,81%</b>	<b>11,88%</b>	<b>0,68%</b>	<b>9,78%</b>	<b>22,58%</b>

(\*) Inception date: September 5<sup>th</sup>, 2018

#### ZETA FIQ (in Brazilian Reais)

Strategies	Jul-23	2023	12M	24M	60M
Fixed Income	1,07%	0,08%	3,66%	20,12%	27,08%
FX	-0,37%	-0,66%	-0,61%	3,06%	-4,26%
Equities	1,13%	-2,23%	-3,92%	-8,01%	12,01%
Commodities	0,67%	0,35%	0,12%	0,90%	6,81%
Fees	-0,28%	-1,66%	-3,09%	-8,90%	-24,38%
<b>Performance</b>	<b>3,30%</b>	<b>3,52%</b>	<b>9,74%</b>	<b>31,45%</b>	<b>58,38%</b>
% CDI	308,30%	46,12%	71,67%	129,47%	142,00%