MANAGER'S REPORT JANUARY 2024

ZETA

MACRO OUTLOOK

In January, global economies witnessed a continuation of benign inflation trends. Despite this, central banks have maintained a cautious stance, preferring to await further evidence of weaker economic data before considering initiating an interest rate cut cycle.

In the United States, January featured the FOMC meeting, during which the committee opted to maintain the prevailing level of interest rates, in line with market expectations. However, Chairman Powell's remarks surprised in an aspect. Powell articulated that the initiation of an interest rate reduction framework is not the primary scenario for the upcoming March meeting. He emphasized that such a move would necessitate a further deterioration in the labor market conditions or an unexpected downward revision in inflation indicators. Consequently, it is more likely that the Fed will initiate rate adjustments later in May. Despite this cautious stance, Powell conveyed a dovish tone in other aspects of the press conference, expressing confidence in the sustained trajectory of inflation towards the targeted levels. Additionally, he highlighted an asymmetry regarding labor market dynamics, suggesting that robust labor data would not impede the course of rate cuts, whereas weaker indicators might trigger a new rate adjustment cycle.

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In Europe, January presented a less pessimistic outlook compared to preceding months. In the Euro Zone, while the year-over-year inflation preview for January continued its deceleration, there was a marginal uptick in the core inflation driven by services. The month was characterized by heightened uncertainty, attributed in part to changes in energy tariff policies and tax increases. In the UK, December's inflation slightly exceeded expectations, influenced by more volatile items. On the economic activity front, Eurozone GDP remained stable in Q4, mitigating concerns of a slight contraction. Regarding monetary policy, the Bank of England (BOE) shifted its stance, eliminating its upward bias and signaling a potential interest rate cut as the next move. Both the BOE and the European Central Bank (ECB) remain inclined to await further inflationary trajectory data before considering additional measures.

China concluded 2023 with a growth rate of 5.2%, surpassing its target. However, numerous longstanding challenges persist despite this positive figure. The real estate market remains in a state of crisis, household confidence and income levels are still unsteady. The efficacy of existing stimuli in addressing these challenges remains uncertain. Presently, key authorities continue to advocate for further stimulus measures in the forthcoming months.

In Brazil, the Central Bank proceeded with another 50 basis points cut and signaled two additional cuts of similar magnitude in the future. Based on projections and risk assessments, the monetary authority appears comfortable with the current pace of Selic rate adjustments. Regarding inflation, December's IPCA release marked a year-end figure of 4.62% for 2023. Encouragingly, tax collection data from late last year delivered positive surprises, with early indications from January pointing towards robust numbers. Although the legislative year has not yet commenced, significant fiscal negotiations are already underway on the political front.

POSITIONS

Rates
We increased long positions in the Euro Zone and in the United Kingdom. We also increased short positions in inflation in the Euro Zone. We maintained long positions in Mexico and curve positions in the United States. We reduced long positions in Brazil and in the United States.

Equities
We increased long and relative value positions in Brazilian equities. We also increased long positions in global indices.

Currencies
We opened short positions on the New Zealand dollar and the Chinese yuan. We maintained long positions on the Brazilian real, the Mexican peso, the Hungarian forint, and the Norwegian krone. We maintained short positions on the Colombian peso. We reduced short positions on the euro.

Commodities
We increased short position in corn. We reduced long positions in copper and oil. We also reduced short positions in gold. We maintained short positions in coffee.

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PERFORMANCE BREAKDOWN

Regarding performance, commodities contributed positively, while rates, currencies and equities contributed negatively. In Brazilian equities, the main positive highlights were for positions in the following sectors: construction, education and logistics. The negative highlights were positions mining and steel, health, pulp and paper, and consumer sectors.

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

STRATEGIES	JAN/24	2024	12M	24M	SINCE INCEPTION*
Fixed Income	-0.22%	-0.22%	-1.74%	10.78%	19.67%
FX	-0.41%	-0.41%	-0.59%	2.43%	-0.55%
Equities	-0.34%	-0.34%	3.99%	1.11%	29.39%
Commodities	0.41%	0.41%	0.36%	0.53%	5.28%
Fees	-0.04%	-0.04%	-0.42%	-6.67%	-25.67%
Performance	-0.60%	-0.60%	1.61%	8.19%	28.12%

(*) Inception date: September 5th, 2018

ZETA FIQ (in Brazilian Reais)

STRATEGIES	JAN/24	2024	12M	24M	60M	120M
Fixed Income	-0.28%	-0.28%	-1.83%	13.93%	27.77%	117.72%
FX	-0.43%	-0.43%	-0.86%	2.81%	-1.47%	52.05%
Equities	-0.79%	-0.79%	-0.49%	-9.79%	8.05%	90.94%
Commodities	0.42%	0.42%	0.29%	0.30%	6.50%	16.09%
Fees	-0.22%	-0.22%	-2.29%	-7.33%	-25.30%	-122.33%
Performance	-0.34%	-0.34%	7.69%	27.24%	60.58%	296.49%
% CDI	-	-	59.73%	99.68%	134.52%	208.76%

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Autorregulação ANBIMA
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