

ZETA



ZETA**MACRO
OUTLOOK**

In May, we observed global economic resilience and strong inflation, above the target considered ideal for the world's main central banks. Thus, the beginning of the expected rate-cut cycle was most likely postponed.

In the United States, at the May FOMC meeting, the committee reinforced the stance of pausing and, given the stronger data from the first quarter, it is possible that the rate-cut cycle will begin later than previously thought. Nevertheless, Chair Powell emphasized that despite the recent data surprises, it is unlikely that the next move will be a hike. In this regard, the latest American data brought some relief to the risk of economic overheating. April's job creation showed a resilient labor market, but with a significant slowdown at the margin; goods consumption data also came in weaker. However, inflation continues to run above desired levels, although the latest data showed some deceleration in core inflation.

The June FOMC meeting included new projections from committee participants for the economy and interest rates. In these projections, in response to stronger aggregate inflation data, the median committee projections indicate only one cut in 2024 (versus the indication of three cuts in the median projections from March). Nonetheless, Chair Powell emphasized in the press conference the uncertainty associated with the projections and that the committee did not wish to send a very strong message with them. Thus, even with this hawkish bias, the scenario for the start of cuts still seems highly dependent on the data to be released in the coming months.

In the Eurozone, despite the negative data from May, the ECB is expected to begin the rate-cutting cycle at the June meeting. The preliminary inflation figure was again slightly above expectations, with services accelerating, and average wages also firmer in Q1. The guidance on the next steps is expected to remain cautious and gradual, allowing time to confirm that these are merely minor 'bumps in the road' already anticipated by the committee and not a shift in the disinflation trajectory. The ECB cut 25bps at the June meeting but left the next steps open and revised short-term inflation projections upward more than expected. Meanwhile, in the United Kingdom, the unexpected rise in April's inflation is likely to delay the start of the BoE's rate-cutting cycle.

In China, with the aim of stabilizing the property sector crisis, the government announced a plan to purchase unsold houses to turn into affordable housing. The size of the program should help reduce about 15% of the finished housing stock, which has risen by 50% since the beginning of the real estate crisis. Although the reduction is still not very significant, we understand that the policy direction of positioning the Chinese government as the buyer of last resort provides an important signal to buyers and developers. In terms of data, we see the Chinese economy cooling and losing the growth momentum from the beginning of the year.

In Brazil, May was marked by the tragedy in Rio Grande do Sul (Kapitalo extends its sympathies to all the Gauchos whose lives have been affected) and it is still difficult to estimate what the impact will be on the 2024 GDP. In the data released this month, we continue to see strength in the formal job market, which is contributing to successive downward surprises in the unemployment rate. Regarding inflation, April's IPCA continued to show benign numbers – the 12-month accumulated reached 3.69%. It is worth noting that underlying measures remain subdued. On the fiscal side, revenues continue to surprise on the upside. The good results are mainly due to revenue from the strong performance of the labor market. Despite expenses growing beyond expectations, the supplementary credit opened this month did not result in a budget deadlock. However, we observe with concern the rapid pace of growth in some expenses, especially in pensions. We understand that this escalation may force the government to discuss the viability of the spending rule of the framework earlier than expected. Finally, the Central Bank cut the interest rate by 25 basis points, as expected.



ZETA**POSITIONS****Rates**

We have tactical positions in Mexico, increased long positions in the US and the UK, reduced long positions held in Brazil and the Eurozone. We maintained yield curve positions in the US and inflation short positions in the Eurozone, and long positions in inflation in the US;

Equities

We maintained long and relative value positions in Brazilian equities and long positions in global equities;

Currencies

We increased our long position in the real and short position in the Hong Kong dollar, reduced long positions in the Mexican peso and short positions in the Chinese yuan and the South African rand;

Commodities

We increased long positions in gold and oil and short positions in soybeans, platinum, and palladium.

We maintained a long position in copper and wheat and short positions in aluminum and iron ore.

**PERFORMANCE
BREAKDOWN**

As for result attribution, equity positions contributed positively while commodities contributed negatively. In the Brazilian equities market, gains were notable in positions within the consumer, transportation and logistics, healthcare, utilities, education, mining, and steel sectors, while losses were notable in the pulp and paper, oil and gas, banking, technology, and telecommunications sectors.

KAPITALO GLOBAL FUND SPC – ZETA USD

STRATEGIES	MAY/24	2024	12M	24M	60M	SINCE INCEPTION*
Fixed Income	0.04%	-8.02%	-9.20%	-2.94%	9.72%	11.02%
FX	0.11%	-0.93%	-1.30%	0.78%	2.41%	-0.87%
Equities	2.24%	5.94%	13.24%	8.86%	29.16%	37.65%
Commodities	-0.16%	0.82%	1.13%	0.15%	5.36%	6.06%
Fees	-0.16%	-0.49%	-0.74%	-3.71%	-23.82%	-28.42%
Performance	2.07%	-2.68%	3.13%	3.13%	22.83%	25.44%

(in US Dollars)

(*) Inception date:

September 5th, 2018



ZETA**ZETA FIQ** (in Brazilian Reais)

STRATEGIES	MAY/24	2024	12M	24M	60M	120M
Fixed Income	0.03%	-8.57%	-9.98%	-3.18%	12.63%	49.98%
FX	0.12%	-1.02%	-1.63%	1.16%	0.02%	36.70%
Equities	1.76%	4.10%	8.88%	-0.36%	17.87%	77.67%
Commodities	-0.19%	0.85%	1.15%	-0.19%	6.84%	12.46%
Fees	-0.24%	-1.08%	-2.75%	-6.36%	-25.16%	-51.36%
CDI	0.83%	4.40%	12.01%	27.10%	46.96%	142.37%
Performance	231%	-131%	7.68%	18.18%	59.17%	267.81%
% Benchmark (CDI)	277.69%	-	63.98%	67.07%	125.99%	188.12%

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.

**KAPITALO ASSET MANAGEMENT**

Av. Brigadeiro Faria Lima, 3144
11th floor – Itaim Bibi
01451-000 – São Paulo, SP
+ 55 (11) 3956-0600
kapitalo.com.br