

ZETA



ZETA

MACRO OUTLOOK

In June, we observed global activity still resilient, but with some cooling in inflation. We also saw some central banks starting easing cycles.

In the United States, the June FOMC meeting presented new projections from the committee participants for the economy and the policy rate. In response to stronger inflation data at the beginning of the year, the median projections indicate only one cut in 2024 (compared to the three cuts indicated in the median projections of March). Nonetheless, Chairman Powell emphasized that due to the uncertainty around the projections, the committee did not want to send a very strong message based on them. Despite the hawkish bias, the scenario for the start of cuts still seems highly dependent on data to be released in the coming months. In this regard, the inflation data for May showed the first downside surprise of the year, with a slowdown in services groups, considered more persistent. It is important to note that, for now, this is just one benign data point, and the committee needs to see more sustained evidence of a slowdown to begin the cycle. Regarding the political scenario, June also saw the first presidential debate, with a very poor performance by Joe Biden. As a result, speculations about a possible replacement of the Democratic candidate grew. With or without such replacement, it seems reasonable to expect a higher probability of a Republican party victory with a majority in both houses of Congress.

In the Eurozone, the Central Bank cut the interest rate by 0.25% at the June meeting. On the other hand, the ECB revised its inflation projections upwards and did not provide clear indications if it will continue the cycle in the upcoming meetings. Inflation, particularly the core driven by services, continues to be more robust than at the beginning of the year. However, on the economic activity side, the June PMI interrupted the improving trend of recent months, with widespread declines across sectors and countries.

There was also a surprise in the European political scenario with the dissolution of the French National Assembly by President Emmanuel Macron, calling for legislative elections on June 30 and July 7. The Rassemblement National (RN) party, led by Marine Le Pen and Jordan Bardella, led the first round with about 34% of the votes. Unlike past events – when the RN was competitive and the market was stressed mainly by the risk of Frexit (exit from the Euro) – the greater uncertainty currently comes from the fiscal side.

In China, there are still no signs that the real estate market has reacted to the newly announced policies. House sales remain weak, as do land sales and the volume of mortgage concessions. At the same time, the monthly activity data for May indicate that the economy continues to slow down in this second quarter. It is important to note the difference in sector composition: in May, the industry performed worse than expected, while the services and retail sectors showed growth above expectations.

In Brazil, there was a marked deterioration in risk assets. On the fiscal side, expenditures continued to grow above expectations. Simultaneously, ongoing frustration with revenue from specific measures – such as the new changes at the Administrative Council for Tax Appeals (Carf) – reinforces the conviction that the government would have to act quickly to meet the primary surplus target and the expenditure ceiling provided by the fiscal framework. However, no effective measure was announced, and successive statements from the President generated the perception that the government is not moving towards a fiscal consolidation. Brazilian external accounts also deteriorated due to a significant increase in imports. As a result, the exchange rate accentuated the depreciation trend that had been in place since the beginning of the year. Another factor hindering the work of the Central Bank is the continuous tightening of the labor market, which once again showed a downside surprise in the unemployment rate and a robust pace of formal job creation. In this scenario, the chance of a change in direction grows, with an increase in the basic interest rate. In any case, the BCB's communication has emphasized that current inflation is still quite benign and that the current policy rate is sufficient to ensure convergence over time.



ZETA**POSITIONS****Rates**

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

Currencies

We increased our long position in the Mexican peso, in the Indian rupee and Hungarian forint and short positions in the Chilean peso and in the Swiss franc. We maintained short positions in the Chinese yuan and in the Hong Kong dollar;

Equities

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

Commodities

We increased long positions in oil. We maintained long positions in sugar and in wheat and short positions in aluminium and iron ore. We reduced long positions in gold and short positions in coffee.

**PERFORMANCE
BREAKDOWN**

Regarding performance attribution, equity positions contributed positively while currencies contributed negatively. In the Brazilian equities market, gains were notable in the positions within the Consumer, Pulp & Paper, Transportation & Logistics, Education, Banks, and Financial Services sectors, while the negative highlights were in the positions in the Mining & Steel, Healthcare, Oil & Gas, Capital Goods, Utilities, and Technology sectors.

KAPITALO GLOBAL FUND SPC – ZETA USD

STRATEGIES	JUN/24	2024	12M	24M	60M	SINCE INCEPTION*
Fixed Income	0.01%	-8.01%	-7.88%	-4.13%	9.23%	11.03%
FX	-0.67%	-1.58%	-1.57%	-0.78%	0.18%	-1.71%
Equities	1.94%	7.83%	15.37%	14.95%	27.75%	40.08%
Commodities	0.53%	1.34%	1.74%	1.09%	5.56%	6.73%
Fees	-0.09%	-0.57%	-0.73%	-4.00%	-22.13%	-28.53%
Performance	1.73%	-1.00%	6.93%	7.13%	20.59%	27.61%

(in US Dollars)

(*) Inception date:

September 5th, 2018



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

STRATEGIES	MAY/24	2024	12M	24M	60M	120M
Fixed Income	0.06%	-8.58%	-8.42%	-4.26%	11.91%	46.47%
FX	-0.71%	-1.73%	-1.89%	-1.14%	-2.92%	35.87%
Equities	1.71%	5.81%	11.06%	6.97%	16.24%	82.25%
Commodities	0.56%	1.41%	1.83%	0.96%	7.09%	13.94%
Fees	-0.25%	-1.33%	-2.88%	-7.21%	-23.37%	-51.71%
CDI	0.79%	5.22%	11.69%	26.82%	47.43%	142.30%
Performance	2.16%	0.82%	11.39%	22.14%	56.37%	269.12%
% Benchmark (CDI)	273.73%	15.62	97.39%	82.57%	118.85%	189.13%

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