Market Update: June

International:

June was characterized by a moderation in global economic activity, controlled inflation, and increased geopolitical stability. This environment favored risk assets, with strong performance from global equities, emerging market currencies, and long-duration fixed income. The outlook for the second half of the year will depend on the course of U.S. monetary policy, the persistence of geopolitical stability, and the behavior of inflation—particularly in developed economies.

The first half of 2025 ended with global equity markets back at record highs, credit spreads at low levels, and volatility below historical averages, suggesting that the evolution of key macro themes has generally followed expectations. The U.S.-led trade war appears to be settling around average import tariffs of 15%, tensions in the Middle East have decreased, and central banks continue to move cautiously toward monetary easing. At the same time, fiscal policy remains expansionary on both sides of the North Atlantic.

Reports from major banks and asset managers point to an expected slowdown in global activity, with inflation still elevated—particularly in the U.S.—limiting room for rate cuts. However, recession risks are diminishing as labor markets remain resilient, and economies have absorbed the shocks of the first half without major disruption. The dollar has continued to weaken, despite the rebound in U.S. equities over the past two months, and its trajectory will be an important variable to monitor in the second half of the year. From a longer-term perspective, the dollar has yet to reach even one standard deviation above its long-term average (Figure 1).

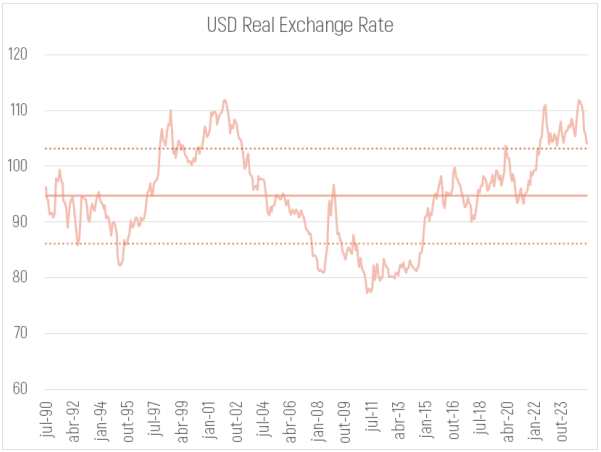


Figure 1-: U.S. real effective exchange rate vs. broad currency basket. Source: BBG/Tera

In the U.S., June data showed weaker consumption and downward revisions to Q1 GDP growth. The labor market continued its gradual cooling, with only 139,000 jobs created in May. Inflation remained on a slow downward trend, which—together with softer activity - reinforced expectations of rate cuts in the second half. The Federal Reserve kept its target rate at 4.25%–4.50% but signaled potential cuts starting in September, contingent on labor market dynamics and the impact of trade tariffs. Attention is also turning to the upcoming nomination of the next Fed chair, as the current term is nearing its end.

In Europe, conditions remained broadly stable. The approach of the deadline for trade agreement negotiations with the U.S. adds some short-term uncertainty. The European Central Bank (ECB) signaled a pause in its easing cycle, maintaining the policy rate at 2% per year. The euro has appreciated nearly 14% year-to-date, driven by capital flows and rate differentials.

Chinese activity data in June were mixed but point toward fulfillment of the 5% growth target for the first half of the year. The manufacturing PMI came in at 49.7, with a notable improvement in domestic orders, although exports remain affected by U.S. tariffs—partially offset by stronger shipments to other regions. The resumption of critical mineral exports to the U.S. suggests a diplomatic shift on trade

and could benefit Chinese assets, particularly in a weaker dollar environment.

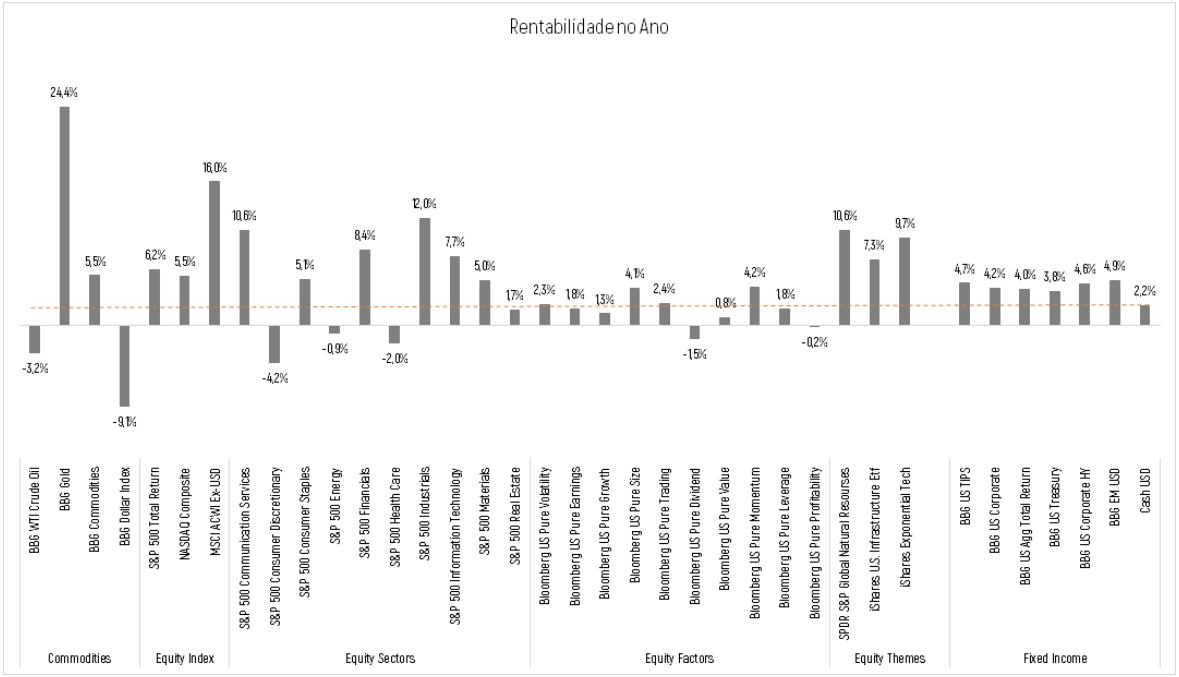
Domestic:

The Central Bank of Brazil raised the Selic rate to 15% and signaled the end of the tightening cycle, indicating that the rate is likely to be held steady for an extended period. The decision reaffirmed the central bank's commitment to controlling inflation and anchoring expectations, supporting the appreciation of the Brazilian real. Recent inflation readings surprised to the downside, particularly in food and services. The unemployment rate remains near historic lows, despite signs of softening in credit and economic activity. Interest rate curves are pricing real rates above 10% for the coming quarters, which should lead to a further deceleration of the economy.

On the political front, Congress's reversal of the IOF tax increase sparked conflict with the Executive, which escalated the matter to the Supreme Court. The episode has strained relations between branches of government - a dynamic that is likely to intensify as the 2026 elections approach. The government has sought to position itself as a defender of the poorer population in justifying tax hikes without expenditure reforms, a high-risk strategy aimed at regaining popularity. Meanwhile, a growing number of market participants are incorporating into their forecasts the possibility of a more reformist candidate winning the presidential election.

Supported by the favorable global backdrop, Brazilian assets performed well in June. The Ibovespa rose 1.33%, led by financials and small caps. The real appreciated 5.4%, and interest rate curves declined by 50 to 60 basis points, contributing to strong returns for local multimarket funds.

Global Assets	1m	3m	6m	12m	24m	36m
Commodities						
BBG WTI Crude Oil	9,06%	-5,16%	-3,15%	-7,49%	19,76%	-10,50%
BBG Gold	0,13%	5,22%	24,38%	39,80%	68,63%	79,12%
BBG Commodities	2,41%	-3,08%	5,53%	5,77%	11,05%	0,38%
BBG Dollar Index	-2,12%	-6,60%	-9,12%	-6,25%	-3,47%	-5,56%
Equity Index						
S&P 500 Total Return	5,09%	10,94%	6,20%	15,16%	43,44%	71,55%
NASDAQ Composite	6,57%	17,75%	5,48%	14,87%	47,74%	84,70%
MSCI ACWI Ex-USD	3,20%	10,95%	16,04%	14,81%	24,84%	36,79%
Equity Sectors						
S&P 500 Communication Services	7,18%	18,20%	10,62%	21,84%	74,91%	103,16%
S&P 500 Consumer Discretionary	2,12%	11,32%	-4,22%	17,54%	31,81%	62,72%
S&P 500 Consumer Staples	-2,21%	0,49%	5,09%	9,42%	15,19%	19,61%
S&P 500 Energy	4,74%	-9,37%	-0,94%	-7,10%	4,03%	18,75%
S&P 500 Financials	3,08%	5,12%	8,39%	27,43%	55,40%	66,61%
S&P 500 Health Care	1,88%	-7,62%	-2,01%	-7,52%	1,54%	5,23%
S&P 500 Industrials	3,46%	12,56%	11,96%	21,04%	37,56%	69,16%
S&P 500 Information Technology	9,73%	23,50%	7,70%	14,36%	60,88%	123,33%
S&P 500 Materials	2,09%	2,60%	4,97%	-0,07%	6,54%	20,06%
S&P 500 Real Estate	-0,49%	-0,99%	1,71%	7,93%	9,98%	1,77%
Equity Factors						
Bloomberg US Pure Volatility	1,26%	3,83%	2,28%	4,59%	3,69%	4,66%
Bloomberg US Pure Growth	-0,25%	0,87%	1,25%	3,30%	3,99%	2,42%
Bloomberg US Pure Size	0,98%	2,77%	4,15%	3,88%	7,76%	10,44%
Bloomberg US Pure Dividend	-0,69%	-2,84%	-1,52%	-2,08%	-1,98%	-4,66%
Bloomberg US Pure Value	0,13%	0,84%	0,80%	-1,11%	2,33%	3,57%
Bloomberg US Pure Momentum	0,16%	3,86%	4,21%	6,69%	14,67%	12,57%
Equity Themes						
SPDR S&P Global Natural Resourses	3,62%	3,33%	10,58%	1,18%	8,46%	17,00%
iShares U.S. Infrastructure Etf	3,37%	9,56%	7,29%	19,11%	30,90%	53,63%
iShares Exponential Tech	6,92%	13,74%	9,73%	11,70%	18,72%	38,49%
Fixed Income						
BBG US TIPS	0,95%	0,48%	4,67%	5,84%	8,71%	7,19%
BBG US Corporate	1,87%	1,82%	4,17%	6,91%	11,86%	13,59%
BBG US Agg Total Return	1,54%	1,21%	4,02%	6,08%	8,87%	7,85%
BBG US Treasury	1,25%	0,85%	3,79%	5,30%	6,93%	4,65%
BBG US Corporate HY	1,84%	3,53%	4,57%	10,28%	21,80%	32,84%
BBG EM USD	1,91%	2,54%	4,94%	9,41%	18,11%	24,77%
Cash USD	0,37%	1,10%	2,20%	4,86%	10,64%	15,01%



Local Assets	1m	3m	6m	12m	24m	36m
Pós-Fixado						
Brazil CETIP DI Rate Accumulat	1,10%	3,33%	6,41%	12,13%	25,24%	42,20%
Anbima IMA-S	1,11%	3,35%	6,55%	12,40%	25,72%	43,07%
Anbima Debentures Index IDA DI	1,19%	3,19%	8,14%	13,75%	31,88%	47,50%
Prêmio de Crédito	0,09%	-0,13%	1,63%	1,44%	5,31%	3,73%
Pré-Fixado						
Anbima IRF-M 1	1,06%	3,42%	6,87%	11,93%	24,18%	41,34%
Anbima IRF-M	1,78%	5,87%	10,77%	11,15%	19,92%	39,99%
Anbima IRF-M 1+	2,09%	7,04%	12,89%	10,62%	17,92%	40,09%
Indexado Inflação						
Anbima IMA-B 5	0,45%	2,85%	6,04%	8,96%	17,92%	29,98%
Anbima IMA-B	1,30%	5,17%	8,80%	7,32%	10,61%	25,57%
Anbima IMA-B5+	1,86%	6,79%	10,74%	6,56%	5,03%	22,19%
Anbima Debentures Index IDA IP	1,57%	5,55%	10,78%	11,05%	20,47%	26,08%
Prêmio de Crédito (s/ média B5 e B)	0,70%	1,48%	3,13%	2,69%	5,43%	-1,32%
*Inflação IPCA**	0,26%	1,26%	3,28%	5,32%	9,45%	13,76%
Imobiliario						
Bovespa Real Est In Fund	0,63%	5,15%	11,79%	4,08%	10,41%	24,62%
Hedge Funds*						
Anbima Hedge Funds Index	2,12%	7,41%	8,39%	14,41%	20,48%	31,49%
Renda Variável						
BRAZIL IBOVESPA INDEX	1,33%	6,60%	15,44%	12,06%	17,59%	40,91%
BOVESPA Dividend Index	1,76%	7,09%	13,71%	14,64%	28,50%	51,28%
BM&FBOVESPA Small Cap	1,04%	16,12%	26,43%	11,31%	-2,00%	17,40%
BRAZIL Financial Index	1,52%	12,66%	31,96%	28,34%	27,71%	67,34%
BOVESPA Utilities Index	-0,22%	15,78%	30,27%	29,46%	32,56%	51,99%
BM&FBOVESPA REAL ESTATE	4,16%	24,53%	46,41%	32,12%	21,14%	80,27%
BM&FBOVESPA Consumption	-1,78%	13,30%	22,44%	10,30%	-6,40%	0,71%
BOVESPA INDUSTRIAL INDEX	1,88%	3,71%	2,70%	13,58%	28,49%	41,43%
BOVESPA Basic Mat Index	0,49%	-5,71%	-9,40%	-11,63%	-5,52%	-2,83%
BRAZIL ELECTRIC.ENRGY IX	0,77%	18,78%	30,78%	14,73%	11,20%	28,57%
FX						
USD-BRL Carry Return	-5,80%	-6,94%	-15,74%	-9,24%	1,32%	-15,28%

