

## Market Update: March

### International:

During the month of March, the U.S. tariffs implementation progressed, causing significant instability in the markets (which intensified in the first days of April). Safe-haven assets such as gold, the Swiss franc, and the Japanese yen appreciated, while equities and credit bonds lost value amid expectations of a pronounced economic slowdown.

The market reaction resembled that seen during major past shocks, such as the collapse of Lehman Brothers and the onset of the Covid-19 pandemic. Additionally, due to the magnitude of the announced tariff shock, the impact on prices is expected to last at least several more weeks.

In the **U.S.**, the latest consumption and investment data came in below expectations, possibly reflecting uncertainty stemming from changes in immigration policy and increased import tariffs. At the same time, inflation expectations rose and are now above 3% for the whole of 2025, limiting the response capacity of the Federal Reserve. However, there has not yet been an abrupt drop in employment indicators, which continue to point to a gradual adjustment from a very high base. Investment is expected to fall sharply in the coming months, raising the probability of the economy entering a recession this year to over 50%.

In **Europe**, the central bank cut interest rates for the sixth time since it began monetary easing in June 2024 and signaled further cuts in the second half of the year. The benchmark rate currently stands at 2.5%. The German fiscal package, announced back in February, remained under discussion, and a €500 billion fund for infrastructure investments was approved. This was only possible due to a loosening of public debt restrictions, which significantly increased the capacity for fiscal expansion.

In **China**, there were positive surprises in industrial production, retail sales, and investment figures. Stimulus measures are expected to intensify in the second half of the year, aiming to cushion the impact of reduced external demand caused by U.S. import tariffs.

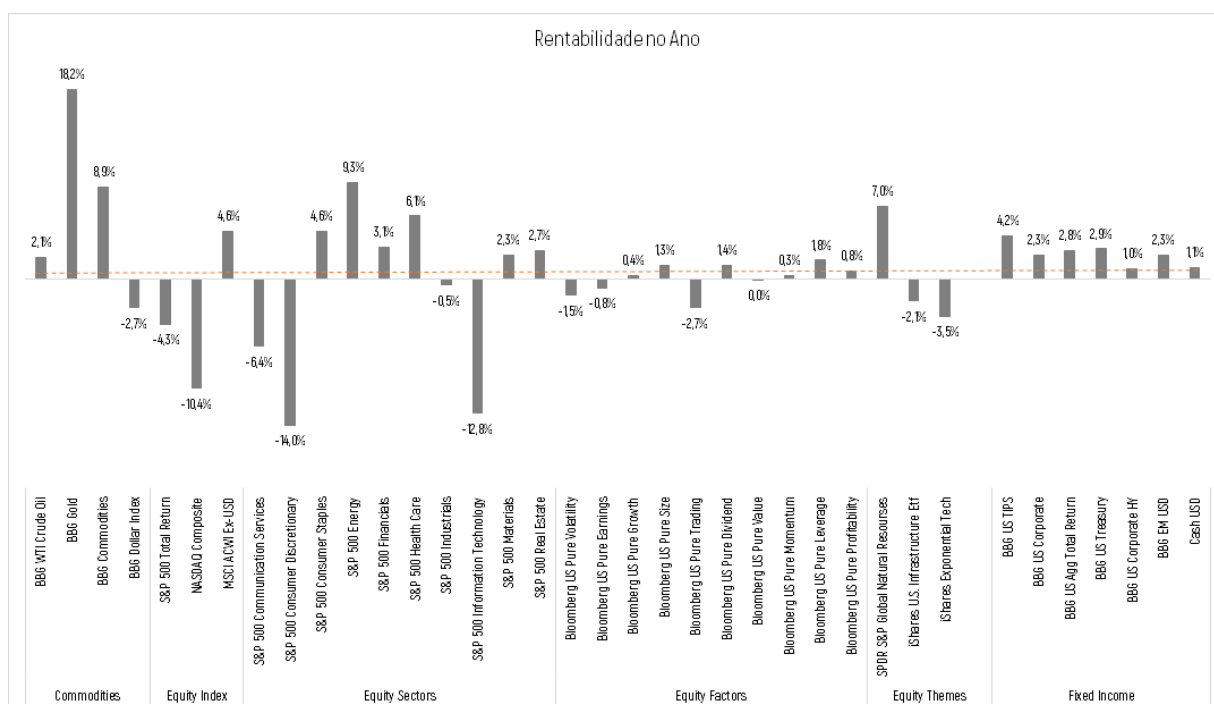
### Domestic (Brazil):

In **Brazil**, the central bank once again raised the Selic rate, which reached 14.25% per year. Another hike is signaled for the May meeting, though expected to be smaller in magnitude than previous ones. Most economists recently revised their projections for the terminal rate downward, expecting it to remain very close to 15%.

On the political front, presidential popularity continued to decline, increasing market interest in a potential power shift while prompting the government to announce new fiscal measures to regain public support. The president's main proposal, announced in March, is income tax exemption for monthly salaries of up to R\$5,000. The compensation would come from taxing dividends received in excess of R\$50,000 per month. There is strong resistance in Congress to any tax increases, although most lawmakers see it as difficult not to approve the tax exemption proposed by the government. The topic is expected to be debated throughout the second half of the year.

Brazilian markets responded well to the external environment of lower interest rates and a weaker dollar: the Real appreciated 3% in the month, and the stock market gained over 6%, helped by interest rate-sensitive sectors. However, real interest rates remain very high, with long-term yields above 7% for the next 30 years, which weighs on investment and affects economic growth.

Ativos Globais	1m	3m	6m	12m	24m	36m
<b>Commodities</b>						
BBG WTI Crude Oil	3,46%	2,12%	10,62%	-1,31%	20,18%	2,85%
BBG Gold	9,94%	18,21%	17,65%	39,41%	56,21%	57,26%
BBG Commodities	3,93%	8,88%	8,39%	12,28%	11,65%	-2,30%
BBG Dollar Index	-1,84%	-2,70%	4,21%	2,32%	3,58%	6,92%
<b>Equity Index</b>						
S&P 500 Total Return	-5,63%	-4,27%	-1,97%	8,25%	40,60%	29,73%
NASDAQ Composite	-8,21%	-10,42%	-4,89%	5,62%	41,54%	21,65%
MSCI ACWI Ex-USD	-0,64%	4,59%	-3,62%	3,46%	14,11%	5,33%
<b>Equity Sectors</b>						
S&P 500 Communication Services	-8,35%	-6,41%	1,64%	12,47%	66,95%	36,01%
S&P 500 Consumer Discretionary	-9,02%	-13,97%	-1,87%	6,05%	35,35%	7,71%
S&P 500 Consumer Staples	-2,79%	4,58%	0,56%	9,64%	14,39%	12,79%
S&P 500 Energy	3,75%	9,30%	5,81%	-0,76%	12,73%	23,00%
S&P 500 Financials	-4,31%	3,11%	9,98%	18,27%	54,96%	30,09%
S&P 500 Health Care	-1,85%	6,08%	-5,24%	-1,26%	12,68%	6,74%
S&P 500 Industrials	-3,72%	-0,53%	-3,26%	4,03%	29,55%	27,49%
S&P 500 Information Technology	-8,87%	-12,79%	-8,71%	5,21%	52,33%	43,87%
S&P 500 Materials	-2,90%	2,30%	-10,81%	-7,38%	6,71%	-2,07%
S&P 500 Real Estate	-3,01%	2,73%	-6,26%	5,94%	11,98%	-13,07%
<b>Equity Factors</b>						
Bloomberg US Pure Volatility	-1,22%	-1,50%	0,03%	-0,34%	1,95%	-3,01%
Bloomberg US Pure Growth	-0,19%	0,38%	3,26%	2,85%	2,90%	0,69%
Bloomberg US Pure Size	-0,40%	1,34%	1,85%	1,56%	6,58%	6,19%
Bloomberg US Pure Dividend	0,64%	1,36%	-0,14%	0,79%	-0,19%	0,22%
Bloomberg US Pure Value	0,68%	-0,04%	-0,58%	-3,11%	0,86%	5,50%
Bloomberg US Pure Momentum	-0,26%	0,34%	2,18%	4,33%	11,41%	7,92%
<b>Equity Themes</b>						
SPDR S&P Global Natural Resources	1,80%	7,01%	-5,17%	-4,01%	0,93%	-4,28%
iShares U.S. Infrastructure Etf	-2,68%	-2,07%	-3,03%	6,03%	25,66%	22,86%
iShares Exponential Tech	-5,95%	-3,52%	-5,10%	-2,83%	10,41%	-0,73%
<b>Fixed Income</b>						
BBG US TIPS	0,64%	4,17%	1,17%	6,17%	6,65%	0,18%
BBG US Corporate	-0,29%	2,31%	-0,80%	4,90%	9,54%	3,46%
BBG US Agg Total Return	0,04%	2,78%	-0,37%	4,88%	6,66%	1,56%
BBG US Treasury	0,23%	2,92%	-0,31%	4,51%	4,57%	-0,15%
BBG US Corporate HY	-1,02%	1,00%	1,18%	7,69%	19,70%	15,70%
BBG EM USD	-0,36%	2,34%	0,84%	7,43%	16,48%	11,07%
Cash USD	0,37%	1,09%	2,30%	5,12%	10,82%	13,97%



Ativos Brasileiros	1m	3m	6m	12m	24m	36m
<b>Pos-Fixado</b>						
Brazil CETIP DI Rate Accumulat	0,96%	2,98%	5,73%	11,26%	25,02%	41,62%
Anbima IMA-S	0,96%	3,09%	5,87%	11,54%	25,58%	42,44%
Anbima Debentures Index IDA DI	1,85%	4,80%	6,56%	13,61%	32,58%	47,86%
Prêmio de Crédito	0,88%	1,76%	0,78%	2,11%	6,05%	4,41%
<b>Pré-Fixado</b>						
Anbima IRF-M 1	1,01%	3,33%	5,53%	10,39%	23,95%	40,29%
Anbima IRF-M	1,39%	4,63%	2,58%	4,82%	19,52%	33,33%
Anbima IRF-M 1+	1,62%	5,47%	1,04%	2,16%	17,76%	30,80%
<b>Indexado Inflação</b>						
Anbima IMA-B 5	0,55%	3,11%	3,95%	7,25%	17,58%	29,79%
Anbima IMA-B	1,84%	3,45%	0,11%	0,75%	12,65%	21,11%
Anbima IMA-B5+	2,83%	3,70%	-2,70%	-3,80%	9,08%	14,56%
Anbima Debentures Index IDA IP	2,04%	4,96%	1,81%	4,24%	23,53%	22,39%
Prêmio de Crédito (s/ média B5 e B)	0,83%	1,63%	-0,21%	0,23%	7,31%	-2,44%
Inflação IPCA*	1,31%	2,00%	3,42%	5,06%	9,78%	15,93%
<b>Imobiliário</b>						
Bovespa Real Est In Fund	6,14%	6,32%	0,22%	-2,79%	20,00%	19,18%
<b>Hedge Funds*</b>						
Anbima Hedge Funds Index	-0,07%	0,92%	3,00%	6,02%	15,73%	24,96%
<b>Renda Variável</b>						
BRAZIL IBOVESPA INDEX	6,08%	8,29%	-1,18%	1,68%	27,85%	8,55%
BOVESPA Dividend Index	5,52%	6,19%	-0,81%	7,49%	36,73%	27,94%
BM&FBOVESPA Small Cap	6,73%	8,87%	-5,46%	-14,90%	5,64%	-23,89%
BRAZIL Financial Index	9,08%	17,13%	3,49%	4,80%	42,89%	21,11%
BOVESPA Utilities Index	4,07%	12,51%	1,12%	7,91%	36,11%	25,46%
BM&FBOVESPA REAL ESTATE	9,61%	17,57%	-1,46%	-5,86%	33,43%	13,48%
BM&FBOVESPA Consumption	12,27%	8,07%	-5,73%	-9,91%	2,48%	-36,60%
BOVESPA INDUSTRIAL INDEX	2,82%	-0,97%	-0,57%	10,32%	34,10%	8,40%
BOVESPA Basic Mat Index	1,72%	-3,91%	-8,42%	-11,71%	-0,11%	-17,87%
BRAZIL ELECTRIC.ENERGY IX	1,94%	10,10%	-5,05%	-3,81%	13,97%	0,28%
<b>FX</b>						
USD-BRL Carry Return	-3,72%	-9,46%	1,20%	7,81%	0,99%	-1,86%

