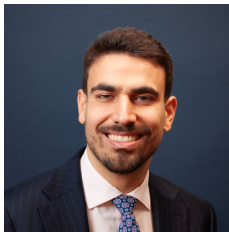


MONTHLY NEWSLETTER

MIRABAUD WEALTH MANAGEMENT



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INTERNATIONAL

\$150 IS THE NEW \$100

On February 28th, Israel and the United States jointly launched strikes on Iran, starting a war expected to end within weeks. Four weeks have since passed, and the conflict endures. Until a few weeks ago, a peace truce appeared unlikely in the near term. Each belligerent attempts to control the narrative, alternating between praise and threats, truth and lies, and issuing ultimata one after another.

More than ever, war is being fought not only on the battlefield but also across global media. Television programs and social media are flooded with geopolitical specialists: former

diplomats analyzing rhetoric, weapons experts explaining the merits and drawbacks of each device being deployed, and retired army officers breaking down each side's likely next move.

When I listen to these experts, my conclusion is always the same — they are excellent at analyzing what has already happened, but predicting what everyone wants to know remains impossible: when will the war end? Any opinion an expert ventures on that question should be treated as an educated guess at best.

That said, I hope you are not expecting us to offer our own view on how the conflict ends. If you are, this monthly letter may disappoint you. As wealth managers, our role is not to forecast geopolitical events for one simple reason: we are not equipped to do so. Our guess would be no better than anyone else's. Our objective is to assess how the war could affect the global economy and, more importantly, global financial assets.

In March, as one might expect, oil was the best-performing asset, with Brent crude rising 63% over the month. Natural gas, which receives less attention than oil, told two very different stories: in Europe it posted an impressive gain of 58%, while in the United States it barely moved. This divergence reflects the war's asymmetric impact — Europe relies far more heavily on imported fuel than the US does. The same is true for Asia, which explains why both European and Asian equity markets suffered the steepest declines.

Overall, the surge in fuel prices reignited stagflation fears and triggered a sharp sell-off across virtually all asset classes. Gold fell more than 11%, which is notable given the metal's tendency to perform well during

geopolitical crises. Selling pressure from institutional investors - after three consecutive years of double-digit gains - proved stronger than gold's safe-haven appeal. The US dollar, by contrast, rebounded substantially, with the dollar index rising more than 2% during the month. The dollar debasement trade is now on hold as investors' short-term attention has shifted to the war and its economic consequences. Notably, bitcoin posted a gain of 2%, having disappointed many investors who had bought it as a hedge against dollar exposure.

« ... BUT PREDICTING
WHAT EVERYONE
WANTS TO KNOW
REMAINS
IMPOSSIBLE: WHEN
WILL THE WAR END? »

Performance of the main financial indices since 2022:

| | Mar. | Mar. \$ | 2024 | 2024 \$ | 2025 | 2025 \$ | 2024 | 2024 \$ | 2023 | 2023 \$ | 2022 | 2022 \$ |
|-----------------|-------|---------|-------|---------|-------|---------|-------|---------|-------|---------|-------|---------|
| S&P 500 | -5.0 | | -4.4 | | 17.9 | | 25.0 | | 26.3 | | -18.1 | |
| Stoxx 50 | -9.1 | -11.3 | -3.5 | -5.1 | 22.1 | 38.5 | 11.9 | 4.7 | 23.2 | 27.3 | -8.5 | -14.0 |
| MSCI EM | -13.0 | | -0.1 | | 34.3 | | 8.0 | | 10.1 | | -19.9 | |
| SMI | -7.6 | -11.4 | -2.4 | -3.6 | 18.0 | 35.0 | 7.5 | -0.3 | 7.1 | 17.6 | -14.3 | -15.0 |
| Euro - USD | -2.2 | | -1.6 | | 13.4 | | -6.2 | | 3.1 | | -5.8 | |
| US Dollar Index | 2.4 | | 1.7 | | -9.4 | | 7.1 | | -2.1 | | 8.2 | |
| Gold Spot - USD | -11.6 | | 8.1 | | 64.6 | | 27.2 | | 13.1 | | -0.3 | |
| CHF - USD | -3.8 | | -0.8 | | 14.5 | | -7.3 | | 9.9 | | -1.3 | |
| Brent | 63.3 | | 94.5 | | -18.5 | | -3.1 | | -10.3 | | 10.5 | |
| Bitcoin | 2.2 | | -22.2 | | -6.5 | | 120.5 | | 157.0 | | -64.3 | |
| Global Agg. | -3.1 | | -1.1 | | 8.2 | | -1.7 | | 5.7 | | -16.2 | |
| US Agg. | -1.8 | | 0.0 | | 7.3 | | 1.3 | | 5.5 | | -13.0 | |
| US Treasury | -1.7 | | 0.0 | | 6.3 | | 0.6 | | 4.1 | | -12.5 | |
| US T Bills | 0.3 | | 0.9 | | 4.3 | | 5.3 | | 5.1 | | 1.3 | |
| Global HY | -2.5 | | -1.3 | | 12.1 | | 9.2 | | 14.0 | | -12.7 | |
| Euro Agg. | -2.5 | -3.3 | -0.6 | | 1.2 | | 2.6 | -2.7 | 7.2 | 11.0 | -17.2 | -22.0 |

Looking at the table, the most striking element is without any doubt the stellar rise of oil price. As a topic that everyday people understand, it has drawn predictable media attention: articles about the "impact at the pump," round tables speculating about "how far prices could go," and street interviews capturing emotional reactions to expensive gasoline. Everyone feels the effect of rising fuel costs, and so the subject dominates public discourse. The numbers speak for themselves: WTI crude oil spiked from \$67 to \$101 per barrel in March, and US gasoline prices rose from \$3.00 to \$4.10 per gallon. An increase of that magnitude is hard to ignore. But does it actually mean that oil and gasoline are expensive?

The fans of behavioral finance must have heard of Daniel Kahneman. He is the first psychologist to win the economic Nobel prize by theorizing and describing many heuristics and biases that lead people to take decisions, sometimes irrationally. One bias subsequently theorized by other researchers is the left-digit bias: the tendency to assign disproportionate weight to the first digit of a number.

In the case of oil, the bias kicks in when it trades at \$100 or higher. The \$100 mark was first crossed in 2008 and since then, this "1" as a first digit makes us perceive oil as terribly expensive. The same dynamic applies to gasoline; this time with number 4. Again, gasoline first reached the \$4 mark in 2008 and since

then it has been our common reference number to postulate that gasoline is very expensive. The fact that both commodities reached these levels in 2008, just before the great financial crisis, reinforced their status as benchmarks of extreme expense. Since then, oil reached the \$100 mark again only in 2011, 2012, 2013, 2014 and 2022 with an average number of 90 business days above the threshold during these years, suggesting that oil rarely remains at this level for long.

Looking beyond the left-digit bias, it is worth considering oil prices in real terms. While the \$100 mark has remained fixed in the public's mind as an anchor, the prices of goods and services have changed considerably since 2008. The Consumer Price Index (CPI), the most widely watched measure of US inflation, shows that the basket of goods and services it tracks has risen more than 50% since then. A barrel sold at \$100 today is therefore not comparable to one sold at the same price in 2008; in real terms, today's \$100 is closer to \$65 in 2008 dollars. The same exercise applied to gasoline shows that \$4.00 per gallon today is roughly equivalent to \$2.60 in 2008, a price lower than the average gasoline cost between 2005 and

2009, which stood at \$2.64. Taken to its logical extreme: gasoline's 2008 peak of \$4.11 per gallon would correspond to approximately \$6.40 today, and WTI's all-time high of \$145 in 2008 would be equivalent to roughly \$228 per barrel in today's money. Current levels are not expensive by that measure. Accounting for cumulative inflation, \$150 is the new \$100 for oil.

The Strait of Hormuz, through which approximately 20% of the world's oil supply flows, remains closed and every week without resolution adds pressure to oil prices. For now, markets have been pricing in a swift end to the conflict: while WTI closed the month at \$101, the December 2026 futures contract currently trades well below, at \$72. The ceasefire announced at the beginning of April came as a relief for markets. The Strait is now hopefully open for the next two weeks, but there is no assurance of how the situation will evolve in the foreseeable future. Should the Strait be closed again, oil prices would resume their climb and may eventually reach genuinely expensive territory. That outcome would meaningfully raise the probability of stagflation, a scenario feared by all investors. The ceasefire

announced at the beginning of April came as a relief for markets. The Strait is now open again for the next two weeks, but nothing assures us that it will remain open after that.

Stagflation is characterized by low or negative growth combined with high inflation and is widely regarded as one of the most difficult economic environments to navigate: the typical negative correlation between bonds and equities tends to reverse, with both asset classes posting losses simultaneously. In such circumstances, cash is the best asset to hold, and investors are better served waiting for conditions to stabilize before returning to equities and fixed income.

For this reason, we decided to gradually adjust our economic scenario: we went from 25% to a 40% probability of stagflation and adjusted our discretionary portfolios allocations accordingly. We first reduced our emerging equities exposure back to neutral and reduced the duration of our sovereign bond exposure. Then, we reduced the emerging equities (once more) and bonds further as well as sold part of our European equities' exposure. Finally, we reduced again the

duration of our sovereign bond's pocket. After all these movements, we are now underweight equities and fixed income but remain overweight alternative investments. The situation being very uncertain, we are poised to adapt our view to incorporate the latest developments.



Eric Hatisuka

CIO Mirabaud Brazil

BRAZIL

“SI VIS PACEM, PARA BELLUM – IF YOU WANT PEACE, PREPARE FOR WAR”

Flavius Vegetius, a Roman author of the 4th or 5th century

“WAR IS AN EVIL, BUT OFTEN IT IS THE LESSER OF TWO EVILS”

George Orwell

From a philosophical perspective, for an author who collects aphorisms, such as the one who addresses to you here, the subject of ‘war’ is full of striking, harsh and realistic phrases, but also of naive, utopian or even nihilistic ones.

On the other hand, from the perspective of the proper geopolitical analysis, conducted in the modern way, which is, superficially and/or politically correct, so that it may go viral on social media and/or generate engagement, the subject is as fertile as the soil of the Iranian Lut Desert, which should discourage any intellectually honest analyst from participating.

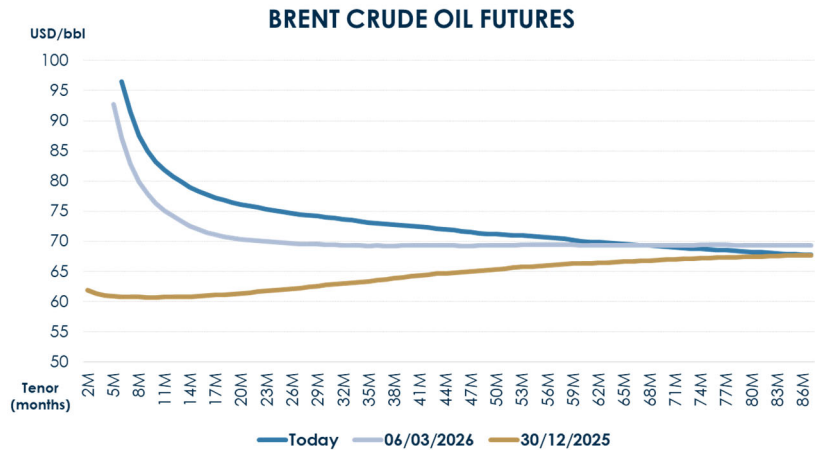
The fact is that, once the ideological icing has been stripped away from the various analyses in circulation, little useful content remains for making investment decisions. Thus, taking a step back from the issue at hand is more than just a way of maintaining

impartiality, it is a genuine methodological tool for multivariate analysis.

Hence, as my colleague in this newsletter, Henrique Pimenta, has already (well) expressed, we have no pretensions whatsoever of having a deterministic view of how the conflict will end, or even of who will win it, whether materially or morally, since our primary mission is to protect our clients’ assets, whatever the outcome.

From an economic perspective, however, some conclusions are more objective. Example, that the price of oil tends to stabilise and fall once the war ends, but it is very unlikely to return to pre-war levels so quickly.

In fact, the price curves for oil futures contracts show that the markets never believed the war would drag on indefinitely, as even at the worst moments of the conflict, the curve remained in 'backwardation' (i.e. negatively sloped), signalling that the markets always believed in a swift resolution to the conflict (chart below).



Source: Bloomberg

Given that the oil curve was in 'contango' (i.e. positively sloped) at the end of 2025, the information regarding backwardation is of great value.

On the other hand, although oil prices are expected to ease and stabilise, some prices, such as those for natural gas from the Persian Gulf, as well as for certain petroleum products and fertilisers, are likely to remain under pressure throughout 2026, when compared to the close of 2025.

This is because, in its eagerness to inflict retaliation and costs on its enemies, and to press for an end to the bombings, Iran

carried out several attacks using ballistic missiles and drones that compromised the manufacturing infrastructure for the products mentioned above. In other words, even with an immediate end to hostilities, there will be a need to physically replace equipment so that production can return to pre-war levels, and this will certainly affect the price curve.

Consequently, for the Brazilian economy, we are revising our IPCA forecasts from a range of 3.5–4.0% in 2026 to a range of 4.5–5.0%, representing an upward revision of more than 60 basis points for this year.

« THE RISK OF STAGFLATION IN BRAZIL IS LIKELY TO BE MUCH LOWER THAN THAT OF OUR SWISS COUNTERPARTS DEEM FOR THE DEVELOPED MARKETS, AT LEAST FOR THIS YEAR ... »

The risk of stagflation in Brazil is likely to be much lower than that of our Swiss counterparts deem for the developed markets, at least for this year, as it is a general election year, when government spending is typically slightly higher than in preceding years.

However, it is an undeniable fact that there has been a significant increase in this risk, as Brazil, being a country highly dependent on imports of fertilisers and diesel, had already been affected by reduced supplies due to the War in Ukraine, and the current situation in the Middle East could cause a major shock to the country's agricultural production, both in terms of prices and volumes.

In this context, the prospect of higher inflation calls for caution in investment, as well as maintaining fixed-income positions focused on assets linked to the CDI and IPCA indices, and on shorter-term securities in general.

With the rise in uncertainty and local fiscal risk, given that the Brazilian government is relying on strategies to mitigate price shocks based on tax waivers, we also believe there is a growing need for fiscal adjustment

supported by public spending cuts by 2027, given the risk that the Central Bank can be forced to continue its restrictive interest rate policy for a longer period.

Against this backdrop, investing in risky assets, such as Brazilian equities and multi-asset funds, is less advisable, as the sky-high local interest rates are already beginning to cause debt problems and excessive interest burdens for local companies, decisively undermining their prospects for profit growth.

In short, in investing, unlike in wars, there are no posthumous medals for heroes.

PERFORMANCE OF THE MAIN FINANCIAL INDICES:

| Renda Fixa | | 31/03/26 | MTD | 3M | YTD |
|------------|---|-----------|---------|-------|-------|
| CDI | - | 101,62 | 1,21% | 3,53% | 3,41% |
| IMA-B | - | 11.264,24 | 0,17% | 3,13% | 2,98% |
| IMA-B 5 | - | 11.051,37 | 1,39% | 3,97% | 3,87% |
| IMA-B 5+ | - | 12.387,15 | (0,78%) | 2,48% | 2,29% |
| IRF-M | - | 22.116,22 | (0,59%) | 2,51% | 2,36% |
| IMA-S | - | 8.417,85 | 1,27% | 3,61% | 3,49% |

| Índices Globais | País | 31/03/26 | MTD | 3M | YTD |
|-----------------|-------|------------|---------|---------|---------|
| Ibovespa | BRL | 187.461,84 | (0,70%) | 16,81% | 16,35% |
| Dow Jones | USD | 46.341,51 | (5,38%) | (4,38%) | (3,58%) |
| S&P 500 | USD | 6.528,52 | (5,09%) | (5,46%) | (4,63%) |
| NASDAQ | USD | 23.740,19 | (4,89%) | (6,99%) | (5,98%) |
| Euro Stoxx 50 | EUR | 5.569,73 | (9,26%) | (3,16%) | (3,83%) |
| FTSE 100 | GBP | 10.176,45 | (6,73%) | 3,14% | 2,47% |
| MSCI Emerging | EM | 56,79 | (9,25%) | 3,90% | 3,80% |
| MSCI World | World | 4.258,31 | (6,55%) | (4,55%) | (3,88%) |

| Moedas | País | 31/03/26 | MTD | 3M | YTD |
|-----------------|------|-----------|---------|----------|----------|
| Real/Dólar | USD | 5,18 | (1,08%) | 7,04% | 5,38% |
| Euro | EUR | 1,16 | (2,19%) | (1,87%) | (1,64%) |
| Franco Suíço | CHF | 0,80 | (3,77%) | (1,30%) | (0,85%) |
| Libra Esterlina | GBP | 1,32 | (1,89%) | (2,11%) | (1,84%) |
| Bitcoin | BTC | 68.193,95 | 4,07% | (21,81%) | (22,20%) |

| Hedge Funds | País | 31/03/26 | MTD | 3M | YTD |
|---------------------|------|----------|---------|-------|-------|
| Ind. de Hedge Funds | BRL | 6.125,67 | (3,42%) | 0,26% | 0,05% |



MIRABAUD

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