

Fama LatAm Climate Turnaround Fund

Management Report



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1st Quarter of 2026

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Message from the CIO

There comes a moment, in any long-term investment strategy, when the world ceases to be the context for that thesis and becomes its evidence. The first quarter of 2026 was that moment for those investing in the climate transition. The closure of the Strait of Hormuz by Iran, in response to the joint U.S. and Israeli attacks of February 28; the Brent crude rising from USD 73 to USD 112 in thirty days; 150 vessels stranded at the entrance to the strait; and 20% of global oil supply effectively halted are all evidence of the real, immediate, and measurable cost of a civilization organized around fossil fuels that must pass through chokepoints controlled by actors with incentives to shut them down. This cost has always existed. The first quarter of 2026 simply made it impossible for it to be ignored.

Over the past three decades, the climate transition thesis has followed a path of legitimization that is in itself a relevant development. It began as a scientific argument, formulated in IPCC reports and UN conferences, and for a long time depended on the acceptance of climate science as a condition for entry into the investment debate. At the turn of the 2010s into the 2020s, it became an economic argument: the levelized cost of renewables falling below that of coal and gas, batteries advancing rapidly along the learning curve, and fossil assets accumulating stranded-asset risk over an increasingly near-term



horizon. By the first quarter of 2026, it had become a geopolitical argument, supported by energy security strategists and economists concerned with imported inflation. This progression is essential to understanding why the thesis became more robust, rather than more fragile, during the quarter: it no longer depends on political consensus around the climate agenda and is now supported by interests that exist independently of any position on global warming.

The most compelling aspect of this shift is that it cuts across the ideological divide that once seemed to define the field. Trump rejected climate rhetoric, dismantled environmental regulations, and withdrew the United States from multilateral decarbonization commitments, yet the war his administration chose to wage in the Middle East produced the most powerful argument for renewable energy independence that any IPCC report has ever offered. The U.S. Secretary of State negotiating the reopening of the Strait of Hormuz and the G7 discussing the release of 1.2 billion barrels from strategic reserves are building the political case for transition that European countries had been trying to build by other means for two decades. Energy security, which diversification into renewable energy systems also delivers over time, cuts across political spectra with an effectiveness the climate argument never achieved in these environments, and this is structurally reshaping the coalition of actors behind the transition.

This context also reframes the correct interpretation of what took place in Europe during the quarter. The Omnibus Package, which simplified the CSRD and the CSDDD and reduced mandatory reporting requirements by 70%, was read by many as a retreat. What in fact occurred was the replacement of the Green Deal with the Clean Industrial Deal, a move that separates the climate agenda from its heavier regulatory layer and repositions it as a matter of industrial competitiveness and strategic security, categories with far greater political traction in today's European environment than corporate responsibility and disclosure transparency. The European Union has not abandoned the transition. It has repackaged the argument for a world in which geopolitics has returned to center stage and in which the language of industrial competitiveness outweighs disclosure-driven narratives.

Within this context, the fundamental distinction between the fate of the ESG label and that of the transition thesis is the most important exercise of the moment. The label has



accumulated rhetorical baggage that facilitated greenwashing, generating fatigue among actors who require economic rather than normative arguments. It's weakening does not undermine the thesis; it removes the noise that accumulated around it and allows for a more direct analysis. What sustains the thesis is the physics of climate, the cost trajectory of renewables, European deforestation regulation with direct effects on global supply chains, and now the geopolitical risk premium that has made the real cost of fossil fuels visible in acute and quantifiable terms to actors who had never before computed that number.

It is within this environment that Brazil's position must be read, because over the course of the quarter it became simultaneously more valuable and harder to capture. More valuable because a world in which energy security has become an explicit premium, and in which nature-based assets are undergoing accelerated financial formalization, is a world that needs what Brazil has in abundance: the world's greatest terrestrial biodiversity, an electricity matrix with more than 80% renewable sources, and the capacity for agricultural production at global scale with emissions-reduction potential per unit of output that no other major producer can replicate. Harder to capture because the combination of structurally high interest rates, a pressured exchange rate, and fiscal fragility, with adjustment not expected before 2027, raises the domestic cost of capital and slows the pace at which this structural position is converted into investment flows. It is not the direction that is in doubt, but the pace, and the difference between the two is where our investment work is concentrated.

The rise of biodiversity as a financial asset, which over the past year and a half has advanced from the conceptual sphere into the operational one, with the TNFD consolidating reporting frameworks and the SBTN advancing criteria for science-based targets for nature, further reinforces Brazil's uniqueness. The biodiversity credit market is taking shape, with growing demand from companies subject to European deforestation regulation and to new nature-related disclosure requirements. Brazil holds the physical stock these markets will require at scale, and the relevant question for investors is not whether this value will be recognized, but through which instruments and over what timeframe this formalization will take place. The answer to that question depends, to a large extent, on the speed at which financial engineering can keep pace with the maturity of international nature-based markets.



The incumbents' thesis, which we regard as the decarbonization vector with the greatest alpha-generation potential across the spectrum, gains an additional dimension of urgency in this environment. The opportunity does not lie in building new green businesses from scratch, where capital is already efficiently priced, but in financing the transformation of companies that already possess capital, supply chains, regulatory relationships, and established market positions, and whose risk of failing to make this transition, has still not been adequately priced. As an example, Marfrig accelerated its cattle traceability program to bring forward its 2030 target by five years, in response to the tangible risk of losing access to the European market under deforestation regulation. These are the mechanisms through which the cost of capital moves before the market as a whole recognizes it, and identifying where these mechanisms remain unpriced is the work that defines our strategy.

In summary, what the first quarter of 2026 revealed is that the climate transition thesis has never had such a broad base of support. Grounded in science, economics, and now geopolitics, it has become overdetermined in the strict analytical sense of the term: supported by actors with such different motivations that its reversal would require the unlikely convergence of multiple opposing forces simultaneously.

Energy security, industrial competitiveness, market regulation, and climate physics all point in the same direction for entirely independent reasons. This is the kind of thesis long-term investors seek, and the first quarter of 2026, for all its turbulence, delivered more evidence in its favor than any consensus report could have produced.

Fabio Alperowitch, CFA



Introduction

In the first quarter of 2026, the Fama Latam Climate Turnaround FIF em Ações IS (“CTF”) posted a gain of 13.5%. Quarterly performance was positively driven by strong results from SLC and Sabesp.

Over the same period, the Ibovespa rose 16.3%, driven primarily by Petrobras (+62.4%), which surged on the back of escalating oil prices stemming from the war in Iran. It is worth noting that Petrobras accounts for approximately 10% of the Ibovespa — meaning that nearly 6 percentage points of the index's gain can be attributed solely to the company's performance, for an entirely exogenous reason.

Throughout the quarter, we saw meaningful progress on our active engagement strategy, with tangible outcomes across our portfolio companies. Key highlights include: SABESP making its first public commitment to reducing greenhouse gas emissions; SLC Agrícola expanding its number of certified farms; MBRF's advances on traceability and zero-deforestation commitments; and improved transparency of sustainability financial data across our investees in key rankings such as CDP.



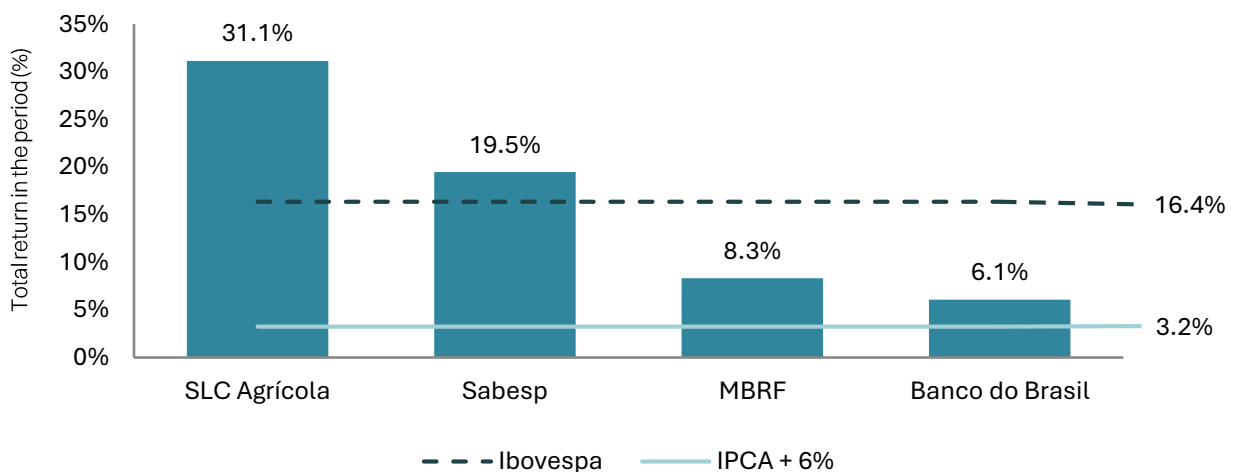
The geopolitical context reinforces the climate transition narrative — not solely as a scientific or economic thesis, but increasingly as a matter of energy security and sovereignty. This is the central theme of this edition's CIO Letter. This reading has direct implications for the portfolio, which is positioned in incumbent companies operating in essential sectors of the economy, exposed to themes such as food security, agricultural credit, traceability, water security, climate adaptation, and infrastructure.

Against this backdrop, the Fund remains well-positioned to capture value in an environment where structural shifts are increasingly translating into economic materiality. The CTF's approach continues to be guided by the anticipation of structural change, active engagement with portfolio companies, and building exposure to businesses capable of turning this new environment into competitive advantage and long-term value creation.



Fund Performance

In the first quarter of 2026, the CTF delivered a return of 13.5%, compared to 3.2% for IPCA+6%, its benchmark over the same period, with individual performance as shown in the chart below.



Performance of companies invested in by CTF in Q1 2026



SLC Agrícola

SLC Agrícola was the portfolio's standout positive performer in the quarter, with shares up 31.1%. The move reflected a combination of a more constructive outlook for the upcoming harvest season and the market's recognition of the company's operational consistency, underpinned by scale, asset quality, and commercial discipline.

Our investment in SLC Agrícola was made in 2023, based on the thesis of a high-quality company with the capacity for disciplined, capital-efficient expansion, alongside a structured decarbonization agenda — materializing in the large-scale implementation of climate solutions, including the adoption of regenerative agricultural practices. The investment rationale was anchored in the company's potential for efficient productive performance and its leadership in technological innovation and sustainability within the sector.

Consolidated financial results for the most recent cycle reflect a model that balances operational expansion with financial strength. In 2025, SLC expanded its productive base with the addition of approximately 100,000 hectares of leased land, in line with its focus on asset profitability and predominantly asset-light model.

In parallel, the company delivered meaningful productivity gains, most notably in soybeans (+21.4% vs. the prior harvest and +9.4% above the national average) and a record corn harvest. Additionally, SLC projects 13.8% growth in planted area relative to the previous crop cycle. During the same period, the company's land portfolio was valued at R\$ 11.5 billion, net of taxes, compared to R\$ 10.3 billion at the end of the previous period. Excluding the effect of the land acquisition made in 2025, the portfolio's appreciation was 7.1%.

SLC Agrícola's 2025 Integrated Report demonstrates how its value creation strategy is directly linked to the recognition of critical dependencies on ecosystem services — including water regulation, biological soil fertility, natural pest control, and climate stability. The company implements at least one regenerative agricultural practice across all of its farms, ending the 2024/25 harvest year with 68.6% of planted area under no-till farming and



34.4% with cover crops and crop rotation. The use of biological inputs also advanced, representing 17.7% of crop protection management.

SLC Agrícola is explicit in its conviction that climate adaptation and mitigation are inseparable from the long-term sustainability of its business, and that nature-related physical risks can result in reduced productivity, higher operating costs, damage to biological assets, and greater cash flow volatility. The company embeds climate variables into its capital allocation and risk management as a central element of its operational resilience strategy — contributing to productive stability, reduced inter-harvest variability, and revenue predictability.

Additionally, the company maintains 131,900 hectares of preserved areas, equivalent to 36.7% of its land, underscoring the relevance of natural asset management to its business model.

On the climate front, SLC recorded a 6% reduction in agricultural emissions in 2025, totaling 963,000 tCO₂, and removed 544,000 tonnes of carbon — equivalent to 51% of Scope 1 and 2 emissions — with four farms achieving a negative carbon balance in the 2024/25 harvest. The company sources 100% of its electricity from renewable sources and has advanced carbon projects, with credit issuance expected by the first half of 2026.

As climate volatility and pressures on productive systems gain economic materiality, competitive differentiation is increasingly tied to the ability to integrate productivity, efficiency, and natural asset management. In this context, SLC Agrícola stands out as an asset well-positioned to capture these long-term dynamics.



MBRF

The performance of MBRF shares was negatively impacted by the outbreak of the war in Iran, given the company's meaningful exposure to the Middle East market and the difficulties in maritime shipping through the region. Even so, shares advanced 8.3% in the quarter.

It is important to highlight that the global protein supply chain is increasingly under pressure from traceability requirements and deforestation controls. In this context, integrity becomes an economic attribute — not merely a reputational one. MBRF has systematically advanced on traceability and zero-deforestation commitments, having reintegrated more than 180 farms in 2025, bringing the total number of reintegrated properties over the past five years to more than 4,380.

Moreover, in a global environment increasingly sensitive to food security and supply chain integrity, the company's structural attributes continue to strengthen, even as short-term operational and financial volatility remains a factor.



Engagement

The CTF has been consolidating its approach to active ownership (also known as “stewardship”) through direct engagement strategies and constructive dialogue with its portfolio companies.

This active involvement from the CTF has gone hand in hand with a progressive improvement in the practices, policies, and positioning of our investees. Notably, by year-end 2025, SABESP made its first public commitment to reducing greenhouse gas emissions — one of the key asks in the CTF’s climate action plan with the company. SLC expanded its number of Regenagri-certified farms from 6 in 2024 to 10 in 2025. The engagement with MBRF was also featured in the [PRI Spring initiative progress report published in March 2026](#), which highlighted the role of the collaborative engagement co-led by Fama Re.Capital in consolidating MBRF’s zero-deforestation commitments — including the achievement of 100% traceability in its cattle supply chain by end of 2025. The report also highlighted the importance of Fama Re.Capital’s direct relationship-building with the company for this collective dialogue initiative.

These outcomes have also materialized in improved sustainability financial data



transparency across our investees in key rankings such as CDP. In 2025, SLC Agrícola achieved an A rating for the first time in two of three CDP data categories — Forests and Water — while receiving a B in Climate. SABESP, for its part, resumed CDP reporting in 2024 after nearly a decade's absence, improving from C to B in the Climate category in 2025. MBRF maintained its “triple A” across all three categories, one of the only Brazilian companies to hold that status. Banco do Brasil, in turn, began reporting in the Forests and Water categories in 2025, receiving a B rating.



Global fragmentation, energy security, and asset repricing: implications for the CTF portfolio

The first quarter of 2026 marked an important inflection point in the way the climate transition thesis began to be perceived by markets. As the conflict involving Iran, the United States, and Israel escalated, significant energy and logistics flows were disrupted, abruptly reigniting the debate around fossil fuel dependency, supply security, and vulnerability in global supply chains. These developments reinforce our view that the collaborative engagement conducted by the Fund can act as a catalyst for strategic, operational, and climate-related transformation at our portfolio companies.

The increase in risk costs extended well beyond commodity prices. According to Reuters, maritime insurance premiums for vessels in the region rose from approximately 0.25% of hull value before the conflict to around 3% in March — sharply increasing the cost of transporting energy cargoes and heightening market awareness of the fragility of critical trade routes. In other words, Q1 2026 demonstrated not just that oil prices can rise, but that the physical and financial infrastructure required to transport fossil energy can become significantly more expensive and unstable in a matter of days.

The climate landscape continues to point toward more extreme weather events and



greater materiality of physical risks. The economy continues to show structural gains in competitiveness for cleaner technologies. And geopolitics has begun to reinforce the need to reduce dependence on fossil fuel bottlenecks and energy assets that are highly vulnerable to exogenous shocks.

It is in this context that the CTF's portfolio positioning gains additional coherence. Our investees are not "thematic" plays in the superficial sense of the term. They are incumbent companies operating in core sectors of the economy, whose relevance is set to grow as climate, regulatory, and geopolitical risks increasingly affect pricing, cost of capital, market access, and the design of global supply chains. The quarter reinforced precisely this point.

At SLC Agrícola, the new environment reinforces attributes such as scale, productivity, asset quality, commercial discipline, and operational resilience. In a world more sensitive to food security, supply reliability, and the integrity of global supply chains, companies capable of producing at scale, with consistent productivity gains and greater operational predictability, stand to gain in relative importance. In this context, the expansion of irrigation and the deepening of the regenerative agenda reinforce this positioning not only by enhancing productive resilience, but also by potentially reducing, over time, dependence on synthetic fertilizers and other inputs whose global supply chains remain exposed to geopolitical shocks, logistical constraints, and key supply regions — including markets in and around the GCC and other strategic routes for energy, nitrogen-based inputs, and petrochemical derivatives.

At MBRF, the quarter made the importance of scale, geographic diversification, and supply chain integrity even more apparent. In an environment under greater pressure from trade tensions, energy disruptions, and regulatory risk, the ability to operate a global multi-protein platform while simultaneously advancing on traceability and ESG governance functions as a form of protection for market access and the preservation of competitiveness. Geographic diversification takes on added relevance in a context of heightened geopolitical volatility, as it expands the company's flexibility to serve different consumer markets, redirect commercial flows, and absorb localized demand or logistics shocks. In the case of the Middle East, a market of relevance to the company, instability may introduce



greater near-term uncertainty around consumption, logistics costs, and trade flows; at the same time, MBRF's consolidated position in halal markets and its broad international footprint tend to reinforce its ability to adapt in an increasingly fragmented environment.



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