

Dear investors and partners,

After the first 12 months in our history, we have decided to write our first annual letter for accountability purposes. We intend to be transparent about the performance of our portfolio, sharing some of the main gains and losses of this period – which was quite challenging and required a lot of dedication and focus from the entire team.

Initially, we would like to highlight the firm's growth. We launched the Norte Long Bias fund on January 29, 2021, with a 14-person team managing BRL 113 million. Today, the Long Bias strategy has BRL 726 million in assets. We also launched 3 Long Only products which have BRL 51 million in assets, totaling BRL 777 million under management, with a 21-person team, composed by 13 professionals in the investment team, 4 in operational / compliance / administrative, 2 in investor relations, and 2 in IT/Data Science. Maintaining the same determination, we're prepared to grow much more.

In fact, our biggest success in these months was precisely in the most important aspect for an asset management firm: its people!

We built a solid, aligned and cohesive team and adopted a collaborative management philosophy. At Norte, we encourage broad discussion within the team. There are no separate or individual books; everyone is aligned with the whole portfolio and invests in the fund, just like our clients. We do a detailed risk analysis of our investments and we constantly assess hedging the portfolio using equity options, index futures, ETFs, FX futures and interest rate derivatives.

We understand that the secret for motivating, attracting, retaining, and expanding the team with talented and focused people is: alignment, respect, and meritocracy. Simple premises, but which demand consistency and dedication.

We implement a pragmatic and dynamic investment philosophy, considering macro and micro-factors, seeking to respect and understand the market tendencies, without putting aside our convictions. Investment decisions are only made after a detailed study of the companies and their respective sectors.

In order to adapt to the changes in market mood as well as to changes in the macroeconomic landscape, it's key to remain humble. This is an essential characteristic in our investment philosophy, that forces us to question our own convictions, constantly revisiting the cases of the companies in which we invest and, sometimes, changing our positioning. Basically, humility is what leads us to another fundamental pillar of our investment philosophy: pragmatism.

Pragmatism was very important to us in 2021, a year marked by many events around the world:

The first half of the year combined moments of increased volatility in the US market due to the short squeeze in companies such as Gamestop and AMC; euphoria in the first IPOs of the year in Brazil, which performed very well, rallying more than 90% on the first trading day; a market sell off due to the change of the management of Petrobras and the sharp rise in Treasury yields, followed by the improvement in the local market in the second quarter, due to a political agreement in favor of reforms and the Eletrobrás privatization.

In the first 5 months of the fund, the Ibovespa advanced 10.20% and the Norte Long Bias rose 18.94%, net of management and performance fees.

In the second half of the year, however, the market had a very different dynamic. The Ibovespa suffered a lot from the fiscal concerns related to “Precatórios”; the strong rise in the interest rate curve due to the resilience and strength of inflation, and the change in the expenditure ceiling rule in October, to accommodate a larger adjustment to social programs. The combination of these factors caused a big shift in investors' risk appetite, with the equity fund industry experiencing massive redemptions, that triggered a strong sell-off in less liquid stocks. In this period, the Norte Long Bias fund fell 12.89% against a 17.33% drop in the Ibovespa.

Considering the month of January 2022, in which the Ibovespa showed a recovery driven mainly by commodity linked companies and banks, the Norte Long Bias fund concluded the 12 month period with a return of +9.43% against -2.54% of the Ibovespa and +14.78% of the benchmark (IPCA + weighted average of IMA-B yield). It is important to mention that we generated this alpha in relation to the Ibovespa while being the Long Bias industry least correlated fund with the index (0.66), in a sample of more than 30 funds, and presented a volatility of 18.39% against 20.62% of Ibovespa in the period.

Long Only funds were launched on July 30, 2021...

And we apply the same rationale behind the long strategy in the Long Bias Fund. We structured 3 products to serve investors who prefer to be positioned only in the long side of equities. Both completed 6 months of history on January 31, 2022, allowing us to present their performances since they were opened for investment.

The Norte Long Only is a fund that invests mainly in shares of Brazilian companies, but also has an exposure to foreign stocks. Its benchmark is the Ibovespa and in the first 6 months it performed better than the index, with a profitability of -7.68% against -7.93% of Ibovespa.

To meet the growing demand for pension funds, we launched the Norte Previdência FIFE, which replicates Norte Long Only's strategy, and had a return of -7.40% against -7.93% of the benchmark in the last 6 months

Last but not least, there is the Norte Institucional which invests only in Brazilian companies listed on B3, following CVM Resolutions nº 4.661/18 and n.º 4.963/21CMN, applied to “Entidades Fechadas de Previdência Complementar” (EFPC) and “Regimes Próprios de Previdência Social” (RPPS), respectively. In these 6 months, the fund returned -11.19% against -7.93% of Ibovespa.

Our positive and negative highlights:

We selected some of the investment thesis implemented during the first year of the Norte Long Bias fund, both long and short positions, in order to exemplify how we put our macro and micro analysis into practice. We also presented examples in which we lost money and decided to stop our positions by recognizing that the thesis had changed or that the market dynamics demanded a portfolio risk reduction. These examples are discussed in the appendix.

What to expect for 2022?

Foreign markets will be impacted by the withdrawal of stimulus in developed countries, ending a period of strong fiscal and monetary expansion. However, despite the current expectation that the Fed will start an interest rate hiking cycle and implement a quantitative tightening, the base case is that global growth will

remain strong given the recovery in the services sector post Covid-19, as well as to additional economic stimulus to be implemented by the Chinese government. We believe that this scenario, could result in a rotation from longer duration sectors (such as technology) to shorter duration ones (such as banks and commodities). This rotation tends to be positive for the Brazilian Stock market. It can be evidenced by the foreign investment flow to B3 in January, which exceeded BRL 32 billion. In addition, unlike the United States, where the interest rate hike cycle will start soon, in Brazil the cycle is nearing the end, with very high carry level when compared to other emerging countries, increasing the appeal of the Real to foreign investors.

Despite these tailwinds for the Brazilian Stock market, there are relevant headwinds that need to be monitored. In the international landscape, data from global supply chains and the labor market in the United States will be crucial, as they will signal whether the Fed may implement a cycle of gradual interest rate hikes, but without significantly impacting the economic growth; or whether a restrictive tightening cycle must be implemented, to bring inflation closer to the target. In the domestic landscape, the focus will be on the presidential election. The pre-candidates indicated as favorites by the surveys are already well acquainted by the market and will need to present a moderate tone to engage swing voters, which could reduce volatility. Nevertheless, the economic picture is complex, with a high level of indebtedness, increasing social demands, low economic growth, and high

interest rates. In this context, the government programs and macroeconomic policies that will be adopted are essential to understand the trajectory of public spending, potential economic growth, neutral interest rates, and, consequently, the stability of public debt in the medium term.

The choice of the company's name:

Choosing the name of our firm was not a simple task. We wanted a word, preferably in Portuguese, that would not be difficult for foreign investors to understand. An easy and short name, that had a clear meaning and that sent a direct message to investors, partners, and associates.

From the dictionary:

NORTE: *direction, destination, guide, goal, orientation, course.*

The name NORTE, translated as north, represents with clarity our philosophy of remaining dedicated to the goal we set from the beginning: To deliver consistent results to our investors over time (our North), with humility, dedication, alignment, and pragmatism.

To make it happen, we must focus on keeping the team together through great respect and meritocracy. After all, our only real asset is our human capital, our people.

We thank you all for the trust and partnership. We know this is just the first year of our long journey!

**NORTE ASSET TEAM**

## Commodities

### Oil & Gas and Steel

The commodities sector contributed the most to our first 12M performance. Oil & Gas and Steel sectors stood out, contributing with 6.1% and 4.2%, respectively.

In Oil & Gas, we successfully identified Petrobras' imminent political intervention, due to pressures in order to influence the company's pricing policy. This governance issue led us to sell the stock before the CEO, Roberto Castello Branco, got fired, which triggered a sell-off of more than 20%. Once we concluded that the new management would maintain the company's price and divestment policy, we had the confidence to return to the position, given the strong cash generation and the expectation of dividend yield that exceeded 30%.

3R Petroleum was also a positive highlight. The company revitalizes mature oil fields, and it acquired several quality assets during Petrobras' divestment program. Such fields could multiply their production by ten times if the plan is well executed.

Lastly, we had gains with PetroRio, which were mainly due to a 50% raise in oil prices and the potential acquisition of new fields (Albacora and Albacora Leste). For 2022, we remain optimistic with 3R and Petrobras, that should remain supported by high oil prices, above USD 75/barrel, given the limited supply in the commodity.

In the steel sector, our major gains came from a long position in Usiminas, as well as tactical long & short pair (Gerdau x CSN). At the beginning of last year, the scenario was positive for steel prices. The demand was strong in China due to monetary stimulus and the supply was constrained, due to production restrictions in some Chinese provinces.

This environment, combined with BRL depreciation, allowed Brazilian steelmakers to implement price increases, what significantly improved their margins.

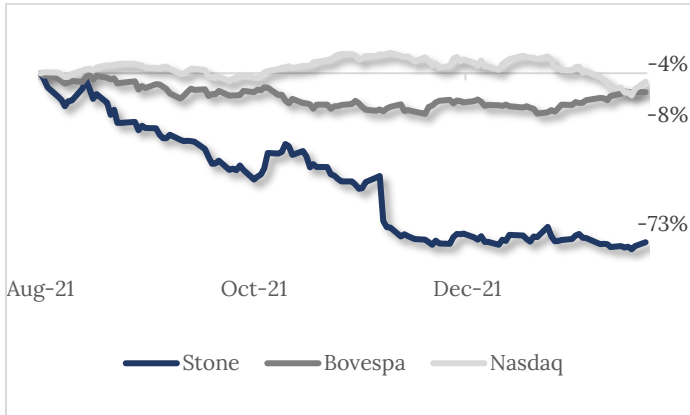
With the deceleration of the Chinese economy, we see some headwinds affecting the sector throughout 2022. However, we remain optimistic about Usiminas and Gerdau, mainly because they trade at a large discount to their historical valuation – suggesting the market is already pricing in such deceleration, which we still do not currently see.

Finally, the mining sector added 0.97%; pulp 1.40%; sugar & alcohol 0.56%, and petrochemical 0.98%.

## Financials

### Stone

The payments company which disrupted the acquiring industry is undoubtedly one of the biggest cases of value creation in Brazil. We started the fund with Stone as a structural long position. However, the micro and macro scenario changed considerably. On the macro side, there were the increase in interest rates and slower GDP growth. On the micro side, the difficulty in employee retention, the increased competition and major problems in the credit business were the main headwinds. This scenario, combined with the stretched valuation, led us to change our mind. We closed the long position, with a loss, and set a short one instead- establishing what has become the most profitable short position in the history of the fund to date, resulting in a gain of 4.09% (already discounting the loss from the period we were long the stock).

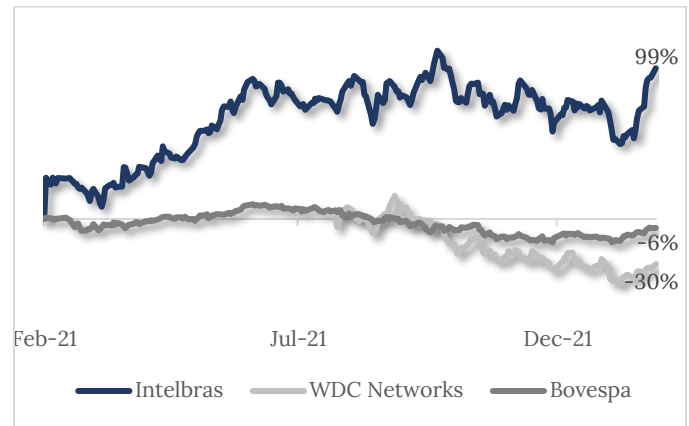


### Domestic Growth

#### Intelbras e WDC

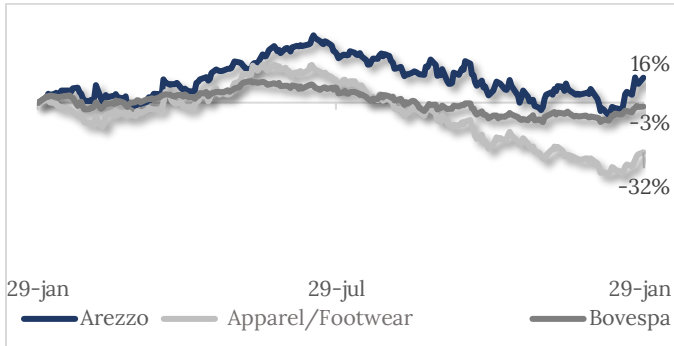
Among our investment philosophy characteristics, we emphasize our agility. It gives us the necessary skills to analyze IPOs and other offerings in a fast and detailed way, allowing us to make bold, though grounded, decisions. This rationale led us to set a relevant long position in Intelbras' IPO, which we held throughout the year. It is a company that has more than 40 years of background in the sector, a competent management team, a consolidated brand, and best-in-class distribution capabilities. Intelbras has overdelivered expectations since the IPO and is very well positioned in the solar segment. This is an industry which grows uncorrelated to GDP, politics, and FX rate, simply because the solution they offer is NPV positive, with a very fast payout period. Even if we take into account that the stock has performed very well since the IPO (+100% upside) and contributed 5.40% to our performance, we still believe the investment case is attractive to our portfolio. Also in the solar segment, we invested in WDC Networks, a small cap company, since their IPO. However, an unfavorable macro environment resulted in risk-aversion towards illiquid stocks that negatively impacted the position, leading to losses of 2.12%. However, we remain optimistic with the investment thesis and keep it in the portfolio,

considering the company trades at a discounted valuation against key peers.



#### Arezzo

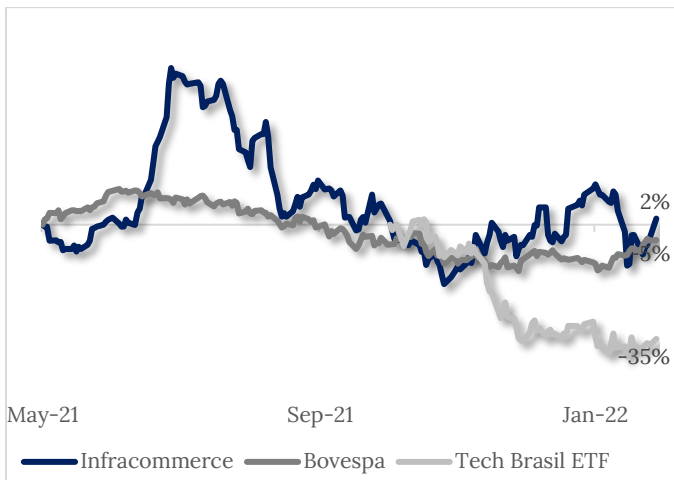
Since the beginning of the fund, Arezzo has been one of our biggest long positions and has already contributed with gains of 1.76%. The company has constantly surpassed market expectations, despite the challenging macro environment faced by consumer discretionary companies. We believe the management is best-in-class, their brands enjoy strong momentum, and the company possesses unique organic and inorganic growth opportunities. Arezzo is one of the few companies that has the capability to build in house brands, despite also being able to successfully deliver integrations through M&A. We believe that their initiatives in women's apparel, Reserva brand's organic expansion, licensing opportunities and geographic expansion to the US can result in a strong growth with incremental returns. Lastly, we appreciate their focus on high end customers, and independence from credit to enable topline growth. At the current valuation, we still see relevant upside risk to the stock.



\* Apparel: arithmetic average of the stock performances of Renner, Guararapes, Restoque, Grupo Soma, Alpargatas, Marisa, C&A.

### Infracommerce

During the year, we expressed our conviction in secular e-commerce growth through Infracommerce. The company went public during the first half of 2021, offering a different value proposition from listed peers and fitting as a hedge to some of our e-commerce short positions. Once again, we applied our pragmatism and agility by identifying the company's efficient one-stop-shop solution for their customer's digital transformation, with growth opportunities in both B2B and B2C markets. Since then, the company has performed above our expectations. We still hold the position, that trades at a discounted valuation against peers: Locaweb, VTEX, Shopify and BigCommerce. The position obtained a gain of 1.12%



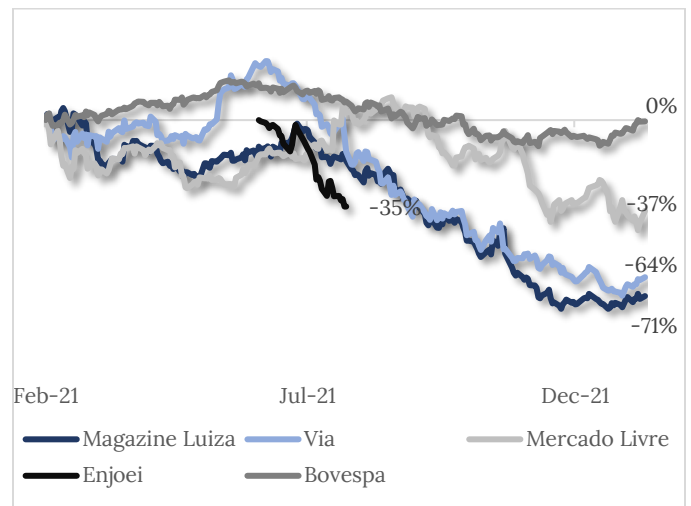
### Short e-commerce

The pandemic accelerated e-commerce penetration, which we believe will continue to grow year by year. As growth decelerated and new competitors entered the industry (notably Shopee), the already competitive landscape became even more challenging.

Even though we admire most of the players in the sector, such as Magazine Luiza, we do not share the growth and profit assumptions embedded in these companies' valuations. Therefore, we were short Magalu, Via Varejo and Enjoei throughout the year, which contributed positively to our performance.

We are still short at the sector, however, at a smaller size. We covered our short position in Enjoei, taking tactical advantage of the moment in which, the company changed the billing model for vendors, negatively affecting the take rate.

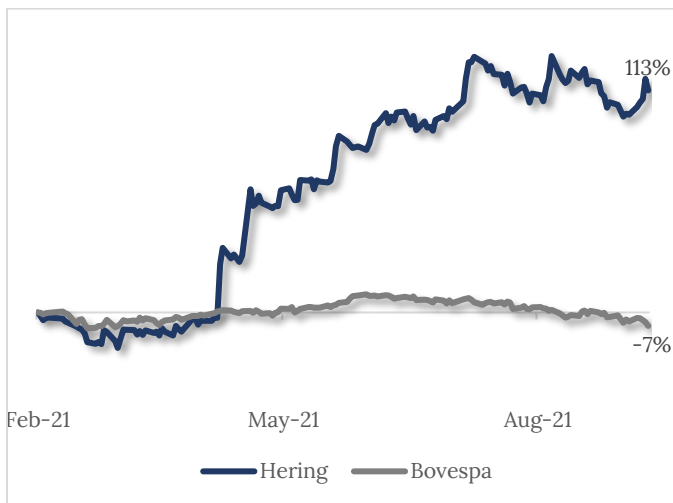
In the negative side, we also had a long position in Mercado Libre, which suffered from the consumption slowdown and the increase in interest rates. Considering the loss with Mercado Libre, the strategy yielded us 1.92%.



### Hering

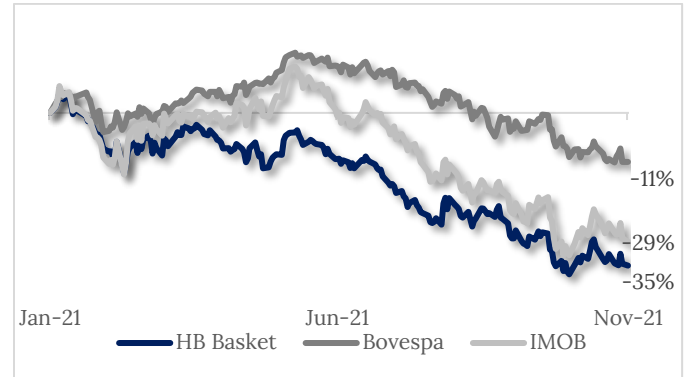
Mistakes are inevitable in our business. As such, holding a short position in Hering led to a negative contribution of 2.41% to the fund's performance.

Our thesis was based on the company's failure in establishing a good value proposition of its products, as well as having poor channel management, resulting in weak topline growth. We also didn't agree with the turnaround speech priced in the valuation. Though we were not mistaken in our rationale, the company was acquired by Grupo Soma, that paid a premium to Hering's valuation, well above our expectations.



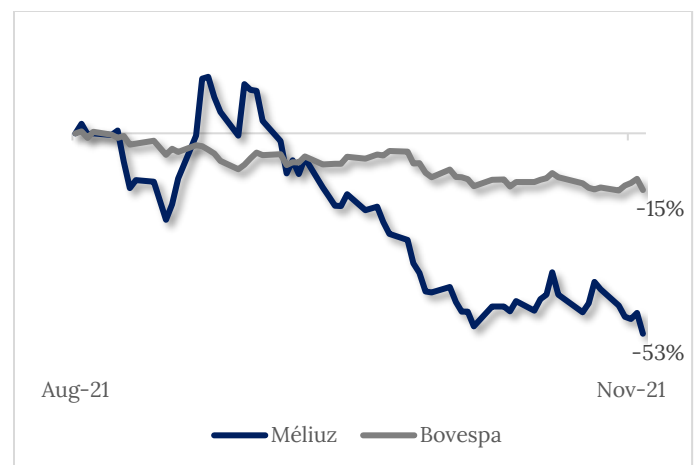
### Homebuilders

The combination of macroeconomic aspects, such as a raise in interest rates, downward GDP revisions and lower consumer confidence; in conjunction with micro factors, such as, input price increases led us to hold short positions in homebuilders throughout the year. In the first half of 2021, we had a negative view on low-income exposed names, especially MRV and Tenda. In the second half, we switched to names related to middle and high income -Cyrela, Even and Eztec. The basket contributed 1.65% to the fund's performance.



### Méliuz

This is a good example of our pragmatic and agile decision-making style. Meliuz was one of the stocks that contributed the most for the fund's performance. At first, the platform's exponential growth led by a competent management team in a low interest rate environment provided a solid long investment thesis, in which we obtained great returns. However, from the second half of the year on, the increase in interest rates, the slowdown in economic growth and the pressure on margins, combined with a very stretched valuation, stimulated us to close our long position and start a short one. We were successful in both the long and the short side, and therefore generated 1.81% in gains.



### Mosaico, Bemobi, Westwing e ClearSale

Mosaico's opening trading day was a success, rallying more than 90%. This influenced us to invest in other tech IPOs such as Bemobi, Westwing and ClearSale. However, when different setbacks negatively affected those stocks, deterioration of operational perspective in the case of WestWing, and worsening of the macroeconomic landscape for less liquid IPOs in the case of the other two, we stopped the positions to reduce the portfolio risk. In aggregate, these positions resulted in losses of 1.81%, including the gain in Mosaico.

### Locaweb e Sinqia

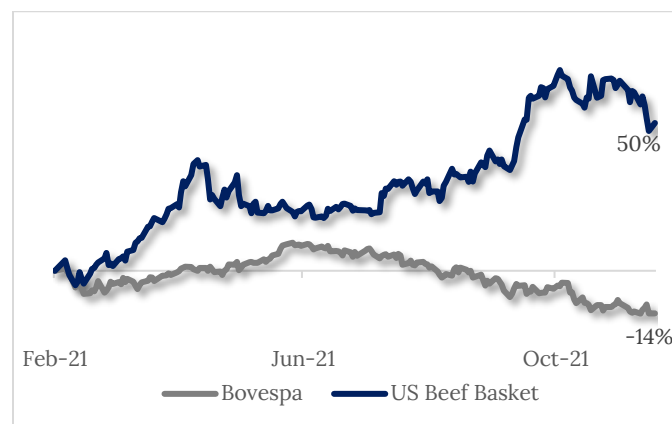
Another lesson learned during our first 12 months as an investment fund was to not underestimate the effect of rising interest rates in tech companies, even if they have a solid operational performance. Locaweb fits this description, as it has a solid competitive position, an experienced management team, and had been reporting steady growth. At the start of the second semester the stock suffered a significant drawdown due to interest rate hikes and a rise in risk aversion towards tech stocks. We sold Locaweb stock after the company started to show signs of margin pressure to maintain the growth perspective. Sinqia is another good example, as the company was well managed and announced an acquisition that would help consolidate the sector if well executed, which seemed to have been the case. Once again, the rising interest rates combined with the stock's low liquidity led to losses in the position. We identified this change in the macro scenario and stopped those investments with a loss of 2.86%.

### Domestic Defensive

#### US Beef

We have been long US Beef stocks via JBS and Marfrig. Together, they contributed with a 1.19% gain. The thesis was that those companies would

benefit from high cattle availability and strong demand for meat. Also, these stocks were positively correlated to BRL depreciation and had an attractive valuation combined with solid cash flow generation. We sold both stocks as we believe this favorable cycle won't last through 2022, mainly due to lower cattle availability.



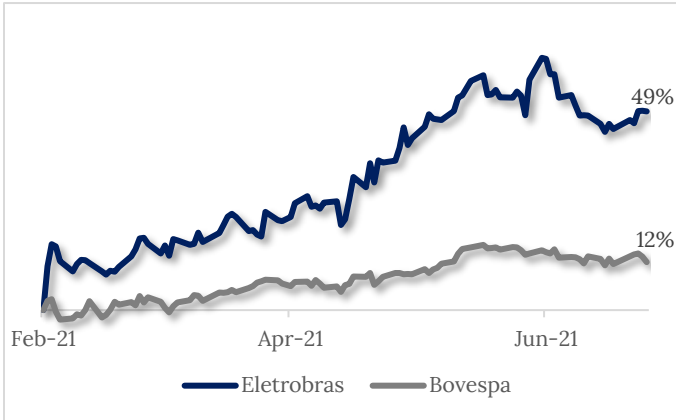
### Utilities / Rates

#### Eletrobras

In 2021, the privatization of Eletrobras returned to the agenda in Brasília. It is an extremely relevant state-owned company in both the energy generation and transmission businesses. Listed and not state-owned companies in this segment usually trade at multiple times their book value, while Eletrobras traded at approximately 0.7x this amount. Thus, we considered that the privatization of the company should generate a very relevant upside to the stock. We studied the thesis and debated several times about the best moment to buy the paper, in view of the political timing. We were right to buy the asset when the date of the deliberation approached. We reduced our position as soon as we realized that, after the approval of the "Medida Provisória", there would be few triggers that could make the stock go up again. It is worth mentioning that we used derivatives to trade this investment thesis to protect the portfolio in case there was a negative decision in

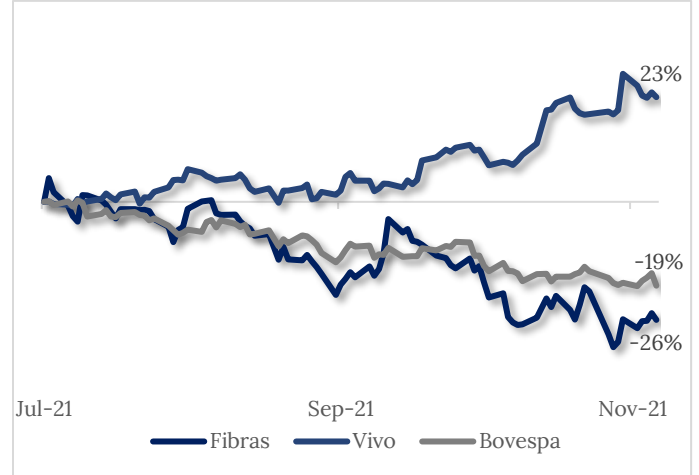


the congress, that could lead to an important fall in the stock. This case brought gains of 1.64% to the portfolio.



**Fibras x Vivo**

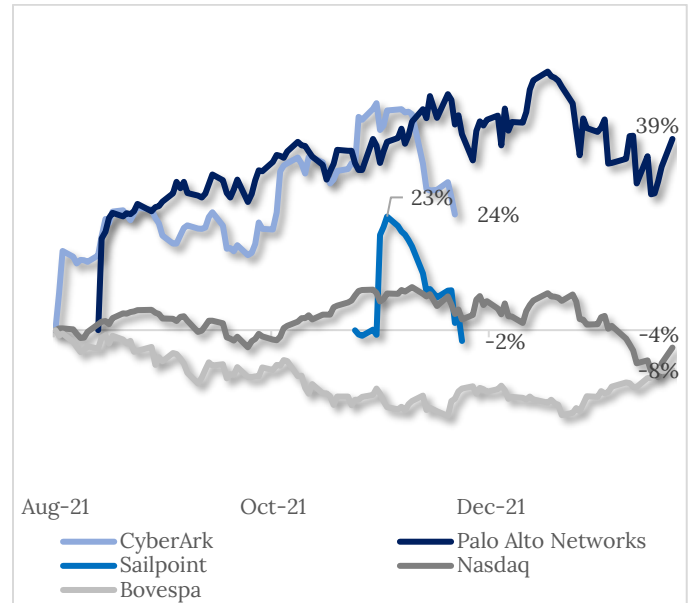
Our investment in the IPOs of the Brazilian internet service providers (ISPs) was based on their growth, attractive valuation vs global peers, and unique positioning in terms of a market consolidation opportunity. As a hedge for this trade, we opened a short position in Vivo, a company that was not experiencing a growth trajectory and was trading in line with its historic valuation (mildly discounted in comparison to its global peers). Right after the referred IPOs, fiscal tensions in Brazil resulted in a spike in local yield curves, thus negatively impacting risk assets, especially less liquid stocks. Also, there were two events that acted as positive catalysts for Vivo's stock: Brazil's 5G auction and CADE's (Brazil's FTC) approval of the sale of Oi's mobile assets. Because both events were widely expected, we did not judge them as being positive triggers, which turned out to be a misconception. This pair trade resulted in a 1.08% loss.



**Global**

**Cybersecurity**

Since 2020, the number of hacker attacks on large companies has risen significantly. Concerns about cybersecurity have become a priority within organizations. Seeking to take advantage of this trend, we invested in companies with best-in-class products and competitive advantages towards their peers: Palo Alto Networks, CyberArk and SailPoint. Those assets added 1.30% to the fund.



### Internet

Big technology companies have a relevant presence in several segments. Microsoft, in addition to being part of the software segment, permeating most companies; is also one of the largest providers of public cloud infrastructure, through Azure, which has grown around 50% in recent quarters. Google is also relevant in this segment, as Google Cloud grew at a similar pace. Parallel to that, the internet giant is a leader in advertising, a revenue stream that benefited during the pandemic. Those positions added 0.35% to the fund's performance.

### Software Infrastructure

The increase in data within companies has brought the challenge of storing and analyzing, safely and efficiently, this data. DataDog, an industry leader, has the best product with high scalability. By following the company's execution strategy, we were able to set a position with a high conviction into their earnings upcoming release. Despite that, we were mistaken in, judging that due to strong sector demand, other peers would achieve the same results. Our long position in competitors like Splunk and Elastic, with inferior products and lower market share, led to a 1.0% loss to the fund.

### Private Debt

#### CVC & IMC

Those two companies have a heavy exposure to the post-pandemic reopening theme as they are, respectively, part of the tourism and restaurants sectors. Even though we liked this investment theme, we didn't believe their equity showed a good risk-return profile. Their debt, however, looked like a more asymmetric investment, as they priced in a much more bearish scenario despite CVC's and IMC's comfortable cash position. Our portfolio diversification via debt is an example of how we can successfully operate

different asset classes, and it brought a relevant gain to the fund. CVC contributed with a 0.49% return, while IMC contributed with a 0.59% return.

### MACRO

#### Long BRL

We were long BRL from May to June 2021, and this position contributed with a 1.61% gain. Our valuation models indicated that the BRL was deeply under-valued in comparison to the US Dollar and other emerging market currencies. This combined with upward GDP revisions, improvement in Debt/GDP ratio and a more hawkish Central Bank worked in favor of BRL.

#### Long Breakeven Inflation

We were long breakeven inflation from February until April 2021, a position that added 0.51% to the fund's performance. At that moment, the improvement in growth perspective, combined with an extremely stimulative monetary policy, indicated an increase in inflation, that in our view was not priced in short-term breakeven inflation.

#### Payer US Treasury Note

In December, we started a payer position in both 5Y and 10Y treasury notes. The tight labor market in the US, the strong demand and supply chain issues, signaled that the inflation would probably be much more persistent than the Fed had previously forecasted. The yield curve, however, priced a slow interest rate hike cycle and a terminal rate that was below even Fed's neutral rate forecast. This position added a 0.76% gain to the Fund.

#### Receiver local short term nominal rates

Receiver short term nominal rates positions became part of the portfolio during the second

semester and resulted in a loss of 1.43%. The yield curve was pricing an acceleration in the pace of the interest rate hike cycle. At that moment, we believed that the Central Bank would maintain the pace, in order to better analyze the inflation data and the impact in the growth scenario, since at that

moment, an important part of the inflation was due to more volatile groups. However, inflation kept surprising to the upside and there was a worsening in fiscal discussions, what led the Central Bank to hike more than it was already priced in the yield curve.

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