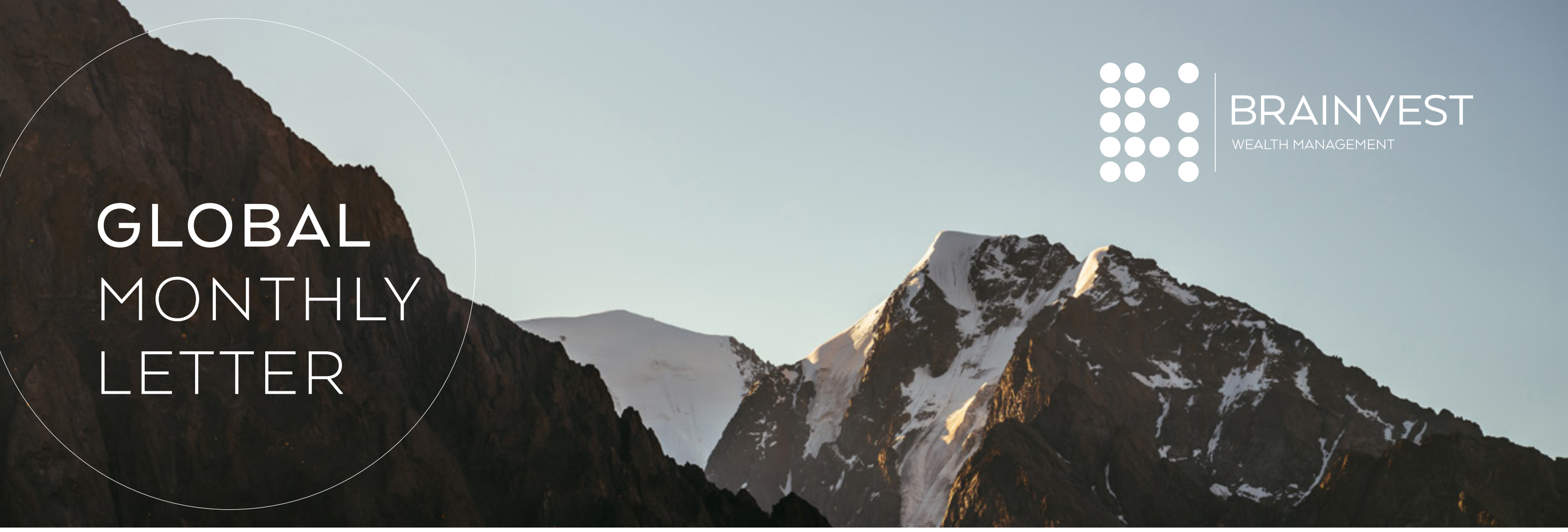
BRAINVEST WEALTH MANAGEMENT

GLOBAL MONTHLY LETTER

AUGUST 2026



GLOBAL | AUGUST 2026

FISCAL GRAVITY

> **“ Debt can be issued. Money can be created. Scarcity cannot. ”**

For a while, abundance can feel consequence-free. Eventually, gravity takes over.

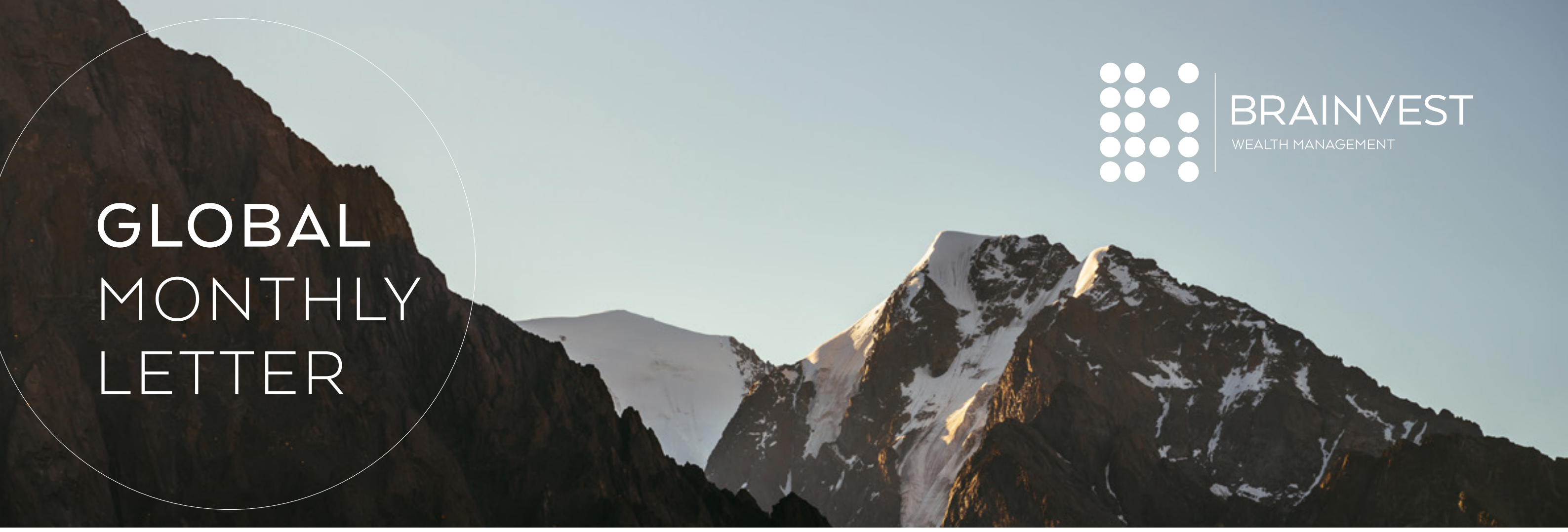
In August, U.S. public debt crossed $40 trillion for the first time. Pressure returned to long-term Treasury yields, the dollar weakened, and investors increasingly turned toward assets whose supply cannot simply be expanded. Gold gained 9.7% during the month, while Bitcoin rose 25.4%. What investors have come to call the “debasement trade” was firmly back.

This is not a story about currencies suddenly losing their value. It is about something more fundamental: what happens when the supply of debt keeps growing, and investors begin to demand a higher price to absorb it.

> We do not interpret the return of the debasement trade as a prediction of an imminent dollar crisis.

WHAT HAPPENED

August was ultimately a constructive month for risk assets. Global equities gained 2.7%, with U.S. stocks also rising 2.7%, Japan advancing 3.8%, and emerging markets adding 1.7%. Corporate fundamentals remained supportive: second-quarter earnings continued to exceed expectations, while Nvidia's latest results provided further evidence that AI-related investment remains a powerful engine of corporate spending.



But beneath those headline returns, bond markets were telling a different story.

A 30-year Treasury auction cleared at the highest long-term borrowing cost since 2001, highlighting investors' growing sensitivity to the volume of government debt coming to market. Shortly afterwards, U.S. public debt crossed the symbolic $40 trillion mark. Treasury Secretary Scott Bessent responded by doubling the maximum size of long-end Treasury buybacks, seeking to improve liquidity and ease pressure on longer maturities. The relief proved temporary: long-term yields soon resumed their rise.

The reaction elsewhere was equally revealing. Gold rallied sharply despite higher yields - an unusual combination for a non-yielding asset - while cryptocurrencies surged and the dollar weakened. Markets were no longer simply trading the next Federal Reserve decision. Increasingly, they were pricing the fiscal backdrop itself.

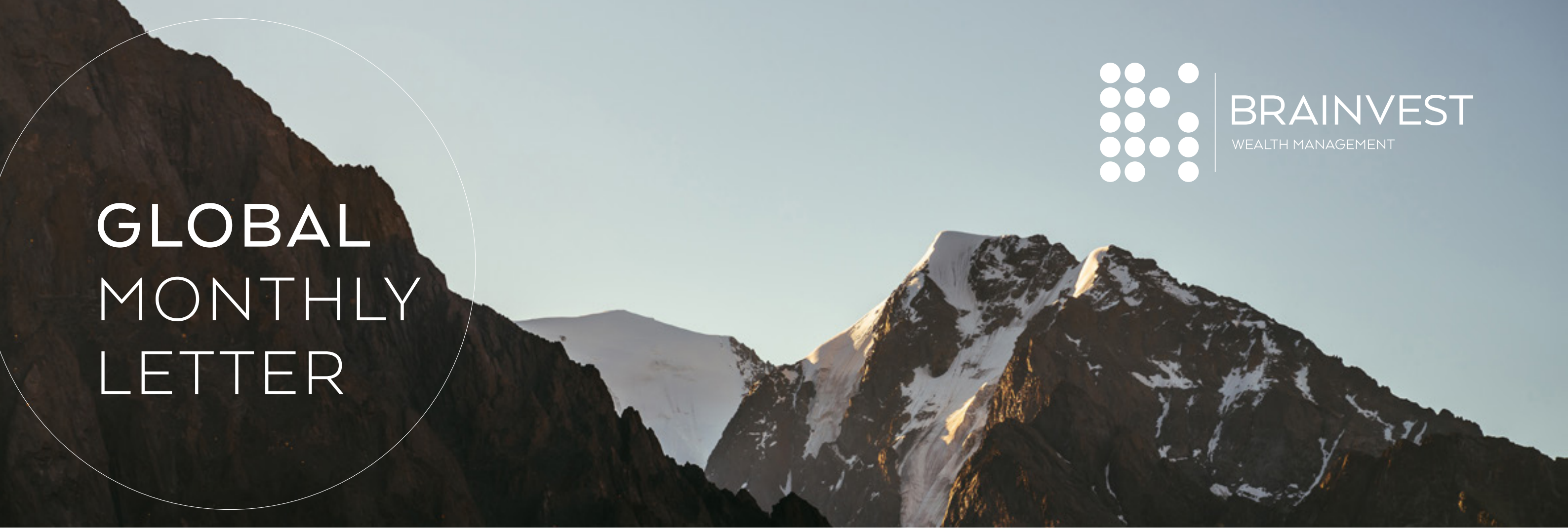
There is an important distinction between preparing for a risk and predicting a crisis. We prefer the former.

WHAT WE THINK

We do not interpret the return of the debasement trade as a prediction of an imminent dollar crisis. The U.S. dollar remains the world's dominant reserve currency, and Treasury markets remain central to the global financial system.

But fiscal arithmetic is becoming increasingly difficult to ignore.
Large deficits require greater issuance. Greater issuance requires investors to absorb more duration. And as that supply grows, investors may demand greater compensation to hold it. That is fiscal gravity: policymakers can influence liquidity and market functioning, but ultimately the cost of financing is determined by investors' willingness to absorb an ever-growing stock of debt.

Our portfolios should reflect that changing balance of risks.



We therefore moved Fixed Income from neutral to slight underweight, further reducing exposure to long-duration bonds. In particular, we turned slightly underweight long-term U.S. Treasuries, where continued upward pressure on yields limits the potential for capital appreciation. We continue to favor credit quality, flexible managers and selected pockets of value over broad market exposure.

> There is ultimately a price for abundance - and a premium for scarcity

At the same time, we brought Gold back to neutral from slight underweight. Our structural conviction never disappeared: scarcity, fiscal risks, money debasement and central-bank demand remain powerful long-term supports. What changed in August was its behavior. After several months of unusually high correlation with risk assets, Gold began to recover its traditional diversification properties.

Elsewhere, we remain neutral on Equities, with an emphasis on regional diversification and asymmetric strategies, while maintaining our slight overweight to Hedge Funds as portfolio stabilizers.

WHAT THIS MEANS FOR YOU

There is an important distinction between preparing for a risk and predicting a crisis. We prefer the former.

The lesson from August is not that investors should abandon financial assets for gold or bitcoin. Nor is $40 trillion some magical breaking point. Rather, fiscal risk increasingly deserves a place alongside growth, inflation and monetary policy when constructing portfolios.

This is precisely why diversification matters. Not because every asset should perform at the same time, but because different assets should respond differently when the assumptions supporting markets are challenged.

For years, declining inflation and confidence in policymakers made government bonds an almost natural counterweight to portfolio risk. A world of persistent deficits, greater debt issuance and renewed inflation uncertainty may prove less straightforward. Diversification therefore needs to evolve with the risks it is designed to protect against.

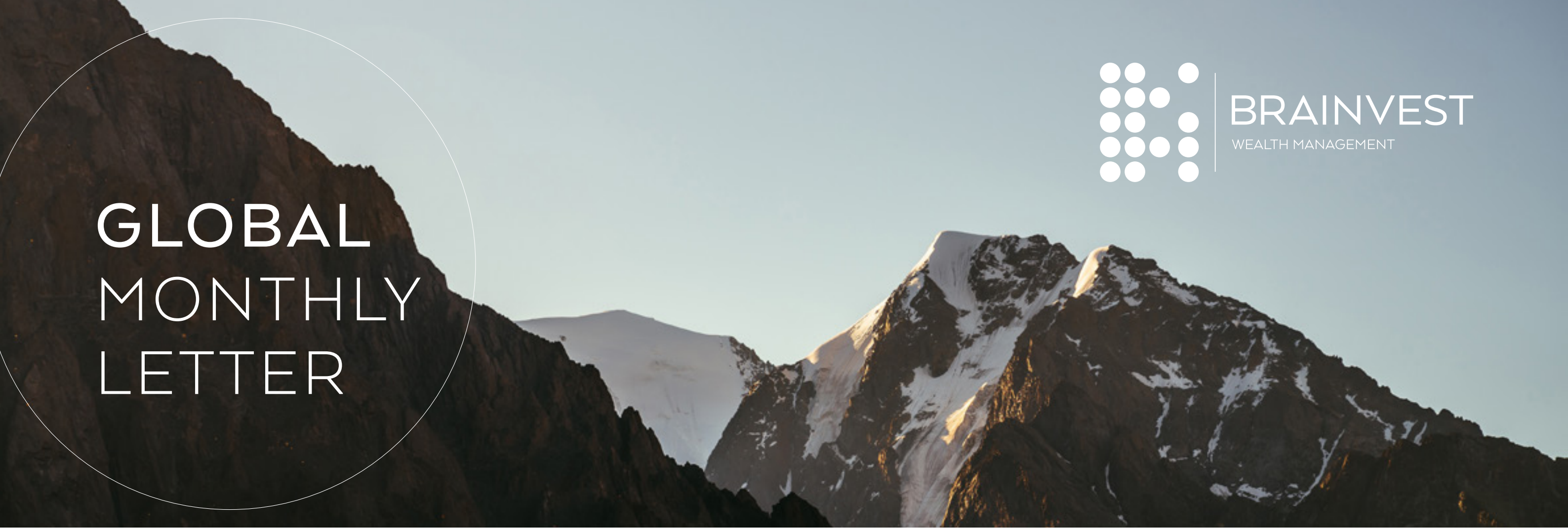
ONE LAST WORD

Gravity is invisible until something starts to fall.

Fiscal gravity is not quite so dramatic. It can remain in the background for years while economies grow, markets rise and investors comfortably absorb new debt. But that does not mean it has disappeared.

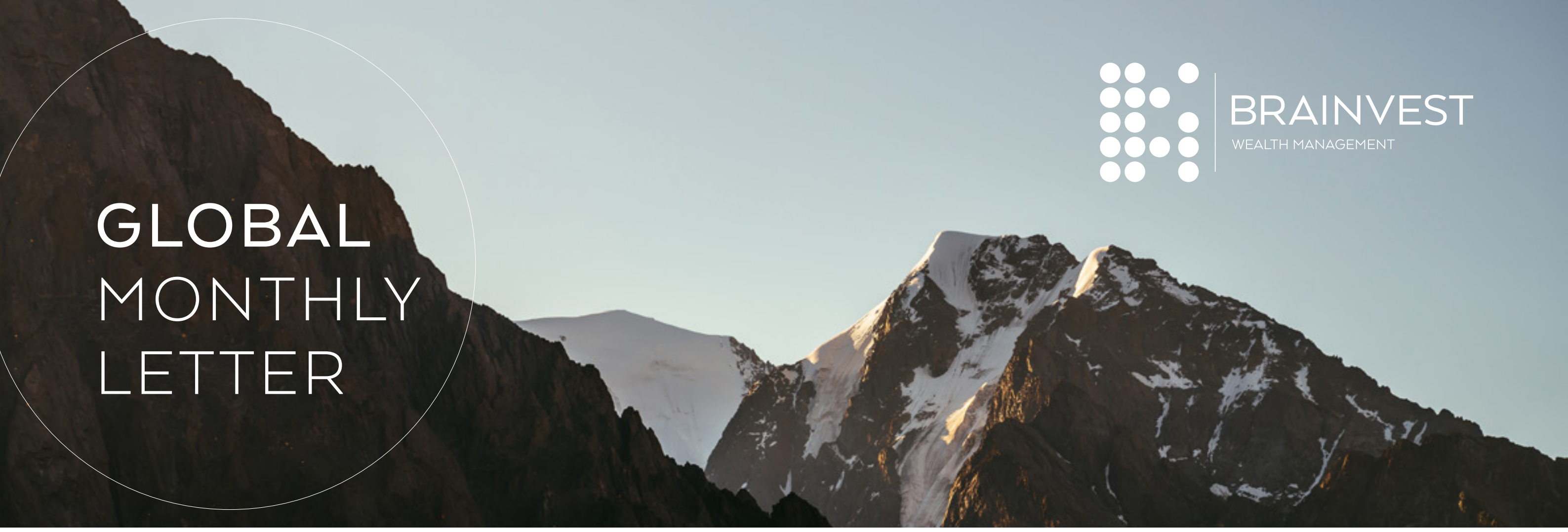
August offered a reminder that there is ultimately a price for abundance – and a premium for scarcity.

Successful investing does not require betting on a loss of confidence. It requires building portfolios that do not depend on confidence remaining unquestioned forever.



TACTICAL ALLOCATION

	---	--	-	NEUTRAL	+	++	+++
CASH				■			
FIXED INCOME			■				
SOVEREIGN			■				
CORPORATE IG				■			
CORPORATE HY			■				
EMERGING MARKET				■			
FLEXIBLE						■	
EQUITY				■			
US				■			
EUROPE				■			
JAPAN				■			
CHINA				■			
EM EX-CHINA				■			
HEDGE FUNDS					■		
COMMODITIES				■			
PRIVATE ASSETS				■			
REAL ESTATE				■			
INFRASTRUCTURE					■		
PRIVATE CREDIT				■			
PRIVATE EQUITY				■			
VENTURE CAPITAL				■			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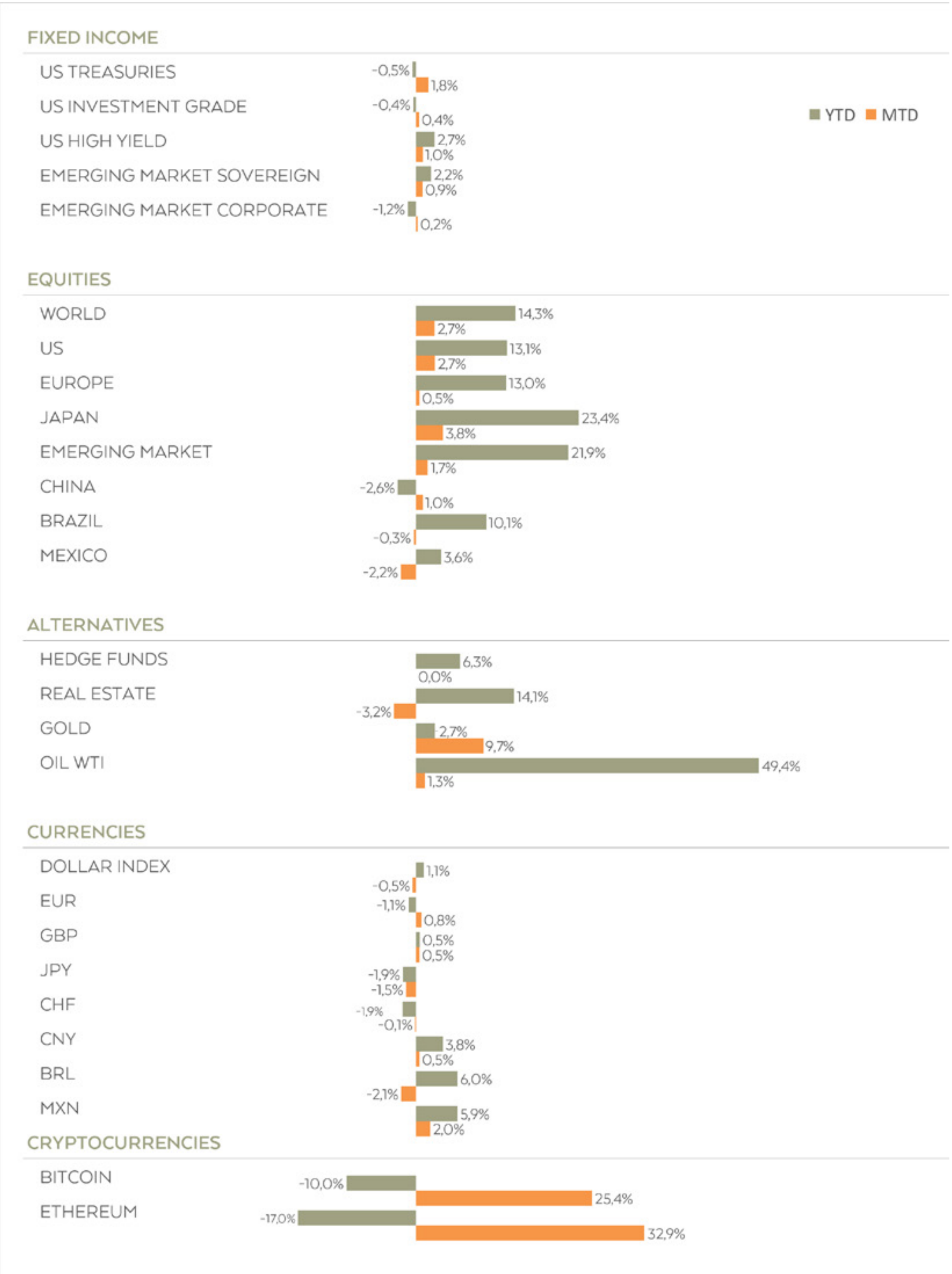
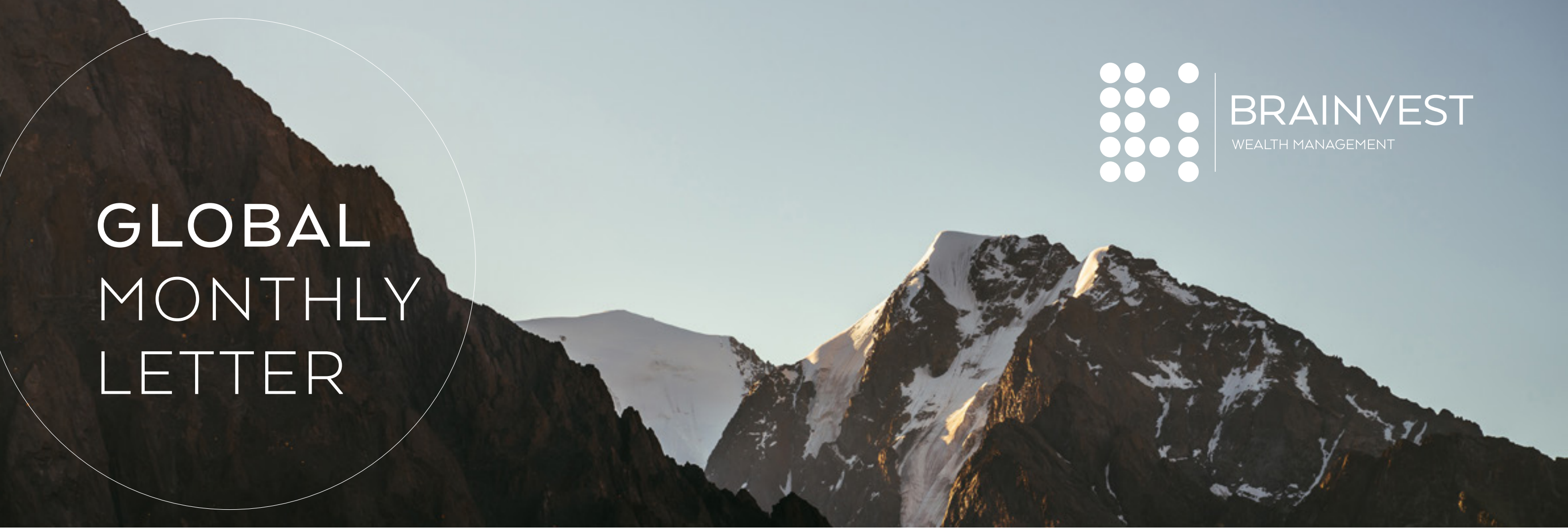

FIXED INCOME
US TREASURIES -0,5% 1,8%
US INVESTMENT GRADE -0,4% 0,4%
US HIGH YIELD 2,7% 1,0%
EMERGING MARKET SOVEREIGN 2,2% 0,9%
EMERGING MARKET CORPORATE -1,2% 0,2%
YTD MTD
EQUITIES
WORLD 14,3% 2,7%
US 13,1% 2,7%
EUROPE 13,0% 0,5%
JAPAN 23,4% 3,8%
EMERGING MARKET 21,9% 1,7%
CHINA -2,6% 1,0%
BRAZIL 10,1% -0,3%
MEXICO 3,6% -2,2%
ALTERNATIVES
HEDGE FUNDS 6,3% 0,0%
REAL ESTATE 14,1% -3,2%
GOLD 2,7% 9,7%
OIL WTI 49,4% 1,3%
CURRENCIES
DOLLAR INDEX 1,1% -0,5%
EUR -1,1% 0,8%
GBP 0,5% 0,5%
JPY -1,9% -1,5%
CHF -1,9% -0,1%
CNY 3,8% 0,5%
BRL 6,0% -2,1%
MXN 5,9% 2,0%
CRYPTOCURRENCIES
BITCOIN -10,0% 25,4%
ETHEREUM -17,0% 32,9%



ECONOMIC CALENDAR

Sep 01	S&P Global Eurozone Manufacturing PMI
	CPI YoY
	GDP YoY
	ISM Manufacturing
	JOLTS Job Openings
Sep 03	S&P Global Eurozone Services PMI
	Initial Jobless Claims
Sep 04	Unemployment Rate
Sep 09	CPI YoY
	CPI YoY
Sep 10	ECB Main Refinancing Rate
	PPI Final Demand MoM
Sep 11	IBGE Inflation IPCA YoY
	CPI YoY
	U. of Mich. Sentiment
Sep 16	Retail Sales Ex Auto MoM
	FOMC Rate Decision (Upper Bound)
	Selic Rate
Sep 17	CPI YoY
	Initial Jobless Claims
Sep 23	S&P Global Eurozone Composite PMI
Sep 24	Overnight Rate
Sep 25	U. of Mich. Sentiment
Sep 30	Manufacturing PMI

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