

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

BRAZIL

America South

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
São Paulo	Brazil's financial, industrial and corporate capital, and Latin America's largest metropolitan economy	Financial services, corporate headquarters, advanced manufacturing
Brasília	Political capital and seat of a genuinely contested presidential transition heading into the October 25, 2026 runoff	Government relations, public policy monitoring
Santos Basin / Rio de Janeiro pre-salt offshore fields	World-class deepwater oil and gas province anchoring Brazil's position among the world's top crude producers	Oil and gas exploration and production, energy services
Port of Santos	Latin America's largest port and principal gateway for export trade now directly exposed to the US Section 301 tariff dispute	Port logistics, trade and distribution infrastructure
Mato Grosso / Cerrado agribusiness belt	Brazil's agribusiness powerhouse, driving record soybean, corn and cattle production and exports	Agribusiness, grain and protein export production
Manaus Free Trade Zone	Established electronics and manufacturing free-trade hub in the Amazon region	Electronics manufacturing, light industry
Minas Gerais	Core mining and industrial base, anchored by iron ore and critical minerals production	Mining, metals, industrial manufacturing

INVESTOR ENTRY ROUTES

- Pre-salt oil and gas investment through ANP bidding rounds and Petrobras-linked partnerships in the Santos and Campos basins
- Agribusiness investment in the Cerrado/Mato Grosso belt, riding record harvests and active diversification of export markets away from the United States
- Capital-markets investment riding Brazil's strongest foreign-inflow environment in nine years, including record 2026 flows into B3-listed equities
- Manufacturing investment in the Manaus Free Trade Zone and the São Paulo/Minas Gerais industrial corridor, positioned for whatever tariff and exemption structure emerges from ongoing US trade negotiations
- Renewable energy, biofuels and green hydrogen investment amid Brazil's energy-transition push and its position as a leading global ethanol producer
- Port, rail and logistics infrastructure investment tied to the expansion of export corridors linking the Cerrado to Port of Santos and northern arc ports

MARKET-ENTRY OBSERVATION

Latin America's largest economy heads into a genuinely consequential presidential runoff. Incumbent Luiz Inácio Lula da Silva, seeking a fourth term, narrowly trailed Flávio Bolsonaro - senator, son of, and proxy candidate for, former president Jair Bolsonaro - in the October 4, 2026 first round (47.03% to 45.16%), with neither reaching the majority needed to avoid an October 25 runoff. Jair

Bolsonaro himself was barred from running after Brazil's Supreme Federal Court sentenced him to more than 27 years in prison in February 2026 for plotting a coup following his 2022 election defeat, making Flávio's candidacy an explicit extension of his father's political project. Despite this live uncertainty, foreign capital has poured into Brazil at a pace investors are calling the strongest in nine years: foreign direct investment inflows beat forecasts and rose roughly 33% in the first half of 2026, while foreign investors are estimated to have poured on the order of R\$68 billion into Brazilian equities in 2026, treating Brazilian assets as a high-yield destination even amid the political noise.

That resilience sits alongside a genuinely live trade dispute with Washington. The Trump administration imposed a 50% tariff on Brazilian goods in 2025, explicitly tied to Jair Bolsonaro's prosecution and a broader trade-deficit grievance, before narrowing it in July 2026 to a 25% Section 301 tariff that still covers roughly 40% of Brazil's exports to the US, citing Brazil's Pix payment system, Amazon deforestation enforcement, social-media content rulings and ethanol market access, while exempting coffee, beef, orange juice, aircraft parts and other goods. Brazil is pursuing parallel negotiation and retaliation tracks under its own Reciprocity Law, and US officials have openly linked the dispute's resolution to the political outcome of the Bolsonaro-Lula contest. Meanwhile Brazil's central bank has held its benchmark Selic rate at 15% - the highest since 2006 - through five consecutive policy meetings, a genuinely tight but credibility-building stance as inflation forecasts have eased toward the low single digits.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Contested presidential runoff	The October 25, 2026 runoff between Lula and Flávio Bolsonaro could materially shift trade policy, fiscal direction and the trajectory of the US tariff dispute depending on its outcome	Time major capital commitments around the runoff result and the new administration's first-100-days policy signals
US Section 301 tariff exposure	A 25% US tariff on roughly 40% of Brazil's exports to the US, tied partly to the Bolsonaro prosecution and partly to standing trade grievances, remains unresolved	Structure export-exposed investment around the current exemption list and monitor the negotiation and Reciprocity Law retaliation tracks
Persistent political polarization	Jair Bolsonaro's imprisonment and Flávio Bolsonaro's proxy candidacy have deepened an already sharp political divide that will likely persist regardless of the runoff outcome	Build governance and compliance structures resilient to continued political volatility rather than assuming post-runoff normalization
Elevated interest-rate environment	The Selic policy rate has been held at 15%, the highest since 2006, raising financing costs for new ventures even as it supports disinflation	Factor the current high-rate environment into financing assumptions and monitor the Central Bank's easing trajectory
Fiscal deficit and public-debt sustainability concerns	Brazil's public debt and fiscal framework remain a recurring market concern, feeding into rating-agency and investor scrutiny	Track fiscal-framework compliance and rating-agency commentary alongside sector-specific due diligence
Regulatory and bureaucratic complexity ("Custo Brasil")	Brazil's tax, labor and regulatory complexity remains a well-documented structural cost of doing business	Engage experienced local counsel and structuring advisors early to navigate the regulatory environment
Currency volatility	The real remains sensitive to US interest-rate differentials and domestic political risk, including runoff-related swings	Consider hedging strategies for real-denominated exposure through the runoff period and beyond

INVESTOR RISK NOTE

Waverley views Brazil as a market where genuinely world-class franchises - pre-salt energy, Cerrado agribusiness, deep capital markets - are currently being underwritten by investors at a pace unseen in nearly a decade, even as the country heads into a consequential runoff between Lula and a Bolsonaro-family proxy candidate and remains locked in an unresolved tariff dispute with Washington. Both the runoff and the tariff dispute are live, fast-moving situations rather than settled facts, and entry should be structured with that timing in mind.

MARKET ACCESS

Brazil is a founding BRICS member and Mercosur's largest economy, operates Latin America's deepest and most liquid capital market (B3), is party to the EU-Mercosur trade agreement concluded in December 2024 and moving through ratification, and anchors global supply in soybeans, iron ore, crude oil, and ethanol.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
Central Bank of Brazil (BCB)	Sets the Selic policy rate and leads the country's disinflation and currency-stability effort	Primary reference point for macro and rate-sensitive investment timing
Superior Electoral Court (TSE)	Administered the October 4 first round and barred Jair Bolsonaro's candidacy, now overseeing the October 25 runoff	Monitor for runoff conduct and certification timelines
Supreme Federal Court (STF)	Convicted and sentenced Jair Bolsonaro to 27+ years in prison for the 2022 coup plot, a central driver of current political and US trade tension	Track further rulings affecting the Bolsonaro camp and the broader rule-of-law narrative
Ministry of Finance	Leads fiscal-framework implementation and foreign-investment promotion	Primary channel for verifying current fiscal and FDI data
Petrobras / National Petroleum Agency (ANP)	Administers pre-salt bidding rounds and oil and gas sector partnerships	First point of engagement for energy-sector investment
B3 (Brazilian stock exchange)	Brazil's primary capital-markets venue, currently absorbing record 2026 foreign equity inflows	Primary channel for portfolio and capital-markets entry
Ministry of Foreign Affairs (Itamaraty) / USTR counterpart office	Leads Brazil's negotiation and Reciprocity Law response to the US Section 301 tariff dispute	Monitor for negotiation developments directly affecting export-exposed sectors

CURRENT INTERNATIONAL BUSINESS CHANNELS

Most inbound capital flows through B3-listed equity and capital-markets channels riding the 2026 inflow surge, ANP/Petrobras-coordinated energy-sector partnerships, Ministry of Finance-facilitated FDI promotion, and direct engagement with Itamaraty and sector associations on tariff-exposed export trade.

INVESTOR PROFILE BEST SUITED

Best suited to capital-markets and portfolio investors capturing Brazil's record 2026 inflow environment, energy-sector investors engaging pre-salt bidding rounds, agribusiness investors in the Cerrado corridor, and manufacturing investors able to navigate the evolving US tariff and exemption structure. Less suited to investors requiring near-term political certainty ahead of the October 25 runoff.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Confirm sector and timing fit

Decide between capital-markets, energy, agribusiness or manufacturing investment, and confirm whether to time entry around the October 25 runoff result.

STEP 2: Engage the relevant sector institution

Open discussions with ANP/Petrobras, B3, or the Ministry of Finance depending on sector focus.

STEP 3: Track the runoff and its policy signals

Monitor the Lula-Bolsonaro runoff outcome and the incoming administration's early trade and fiscal signals.

STEP 4: Monitor the US tariff negotiation

Track the Section 301 exemption list and Brazil's Reciprocity Law response for export-exposed sectors.

STEP 5: Structure financing for the current rate environment

Build financing and hedging plans around the 15% Selic rate and real volatility through the political transition.

WAVERLEY'S ROLE

- Track the October 25 runoff result and the incoming administration's first policy signals on trade and fiscal direction
- Monitor the US Section 301 tariff negotiation, exemption list and Brazil's Reciprocity Law response
- Coordinate introductions to ANP/Petrobras, B3 and the Ministry of Finance for sector-specific entry
- Screen energy, agribusiness, capital-markets and manufacturing opportunities against current political and tariff-dispute timelines

INVESTOR CALL TO ACTION

Waverley Gateway positions investors to capture Brazil's strongest foreign-inflow environment in nine years across energy, agribusiness and capital markets, while explicitly tracking the live October 25 presidential runoff and the unresolved US tariff dispute - engage now to structure entry around both inflection points.

Sector and timing screening -> Political and tariff-dispute due diligence -> Institutional introductions -> Structured entry

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Near-term opportunities concentrate in pre-salt oil and gas bidding rounds, Cerrado agribusiness expansion, B3 capital-markets participation riding record 2026 inflows, Manaus/São Paulo manufacturing positioned for the evolving US tariff structure, and renewable energy and biofuels investment.

POSITIONING

Brazil offers genuinely world-class franchises in pre-salt energy, agribusiness and capital markets, currently drawing the strongest foreign-investment inflows in nine years even amid live political and trade uncertainty.

That inflow story is unfolding against a consequential presidential runoff between Lula and a Bolsonaro-family proxy candidate, and an unresolved US tariff dispute tied directly to that political contest. Waverley frames Brazil as a top-tier emerging-market opportunity best entered with active tracking of the October 25 runoff and the tariff negotiation, rather than a static read of its historic scale and stability.

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