Report
DYNAMO 128
4/4 2025

The Serendipitists

In our previous Letter, we discussed the "unintended consequences" (UCs) of human initiatives, defined as situations in which a deliberate action produces an outcome different from what was originally intended, an outcome that would most likely not have occurred had the original initiative not been undertaken. We noted that UCs are such pervasive phenomena that they have effectively acquired the status of a "Law," and can be classified as either "negative" or "positive." Negative UCs generally describe situations in which the outcome moves in the opposite direction of the initial intention.

We saw that the economy in general, and the corporate environment in particular, are fertile ground for the occurrence of UCs. We explored two explanatory lines: the first emphasizes the limitations of our cognitive apparatus in individual and collective decision-making, which is incapable of capturing all the variables that influence our choices and understanding their ramifications; the second points out that environments governed by the logic of complexity – those composed of a large number of frequent interactions, such as the economy, markets, and firms – naturally generate behaviors and attributes that differ from those observed when analyzing participants in isolation. These are realities that challenge a monolithic/linear mental model and our well-known tendency to assign causality everywhere. Faced with discomfort arising from ambiguity, the desire for control and direction emerges, leading to interventions that often prove disastrous.

We focused our analysis on negative UCs, since our primary concern is the preservation of our investors' capital. Developing frameworks and disciplines that help us identify, in a timely manner, corporate decisions likely to result in unfavorable surprises will always be of immense value. We concluded the text by listing some of these diligences, while humbly acknowledging the difficulty of the task.

Taking advantage of symmetry, the idea now is to explore the other side: positive UCs. The investigation here is more in the realm of intellectual curiosity, since, given our priorities as managers, the practical value of exploring optionality is lower than that of avoiding losses.

Examples of positive UCs are also abundant. We deliberately included one of the most famous in the previous Letter: the discovery of penicillin. As further illustration, we can recall others, perhaps already well known. At the end of the 19th century, the German physicist Wilhelm Roentgen was investigating whether cathode rays could penetrate glass. Despite covering the tube with black cardboard, he was surprised by a glowing green light that escaped and projected onto a nearby fluorescent screen. Through successive experiments, he observed that this mysterious light passed through most substances but cast shadows when encountering solid objects. Without fully understanding why, the X-ray had been discovered.

A few years later, physician Charles Richet and scientist Paul Portier were on an oceanographic expedition aboard the yacht of Prince Albert of Monaco, a marine biology enthusiast, when they were prompted to study toxins found in jellyfish tentacles. Experiments with pigeons confirmed the substance's paralyzing power. When applied to dogs, however, some unexpectedly died suddenly after a second injection. The anaphylactic reaction had been discovered, paving the way for fundamental advances in immunology and earning Richet the Nobel Prize in Medicine in 1913.

The field of medicine is particularly rich in unexpected discoveries: antibiotics, anesthetics, antidepressants, chemotherapy drugs, and anticoagulants, the list is long. In 1947, two allergists at Johns Hopkins Hospital prescribed a new antihistamine, Dramamine, to treat hives. The patient, who frequently suffered from motion sickness, reported no symptoms after taking the medication before a winding trip. After large-scale clinical trials, the drug was approved. Last year, it is estimated that Dramamine and its equivalents generated around $1.5 billion in sales.

In the business world, there are also numerous cases of positive UCs, accidental discoveries that proved to be commercial successes. The 3M Post-it is one of the most famous. Spencer Silver, a scientist at the company, sought to create a super-strong adhesive for aerospace applications, but his experiments yielded the opposite: a weak adhesive that left no residue. Considered a failure, the compound was shelved until six years later, when another 3M scientist, Art Fry, frustrated with bookmarks slipping out of his hymn book, recalled the discovery. After laboratory testing, the product was commercially launched with great success, not merely as a bookmark, but as "an entirely new form of communication." It is estimated that in 2024 the brand generated about $1.2 billion in sales for 3M.

In the second half of the 1970s, engineers at Canon's product technology institute were researching printing technologies for the next generation of copiers, including inkjet printing, which already showed promise. The standard technology at the time relied on materials like quartz generating electrical charge when subjected to mechanical stress (the piezoelectric effect). During one test, a hot soldering iron accidentally touched the needle of a syringe filled with ink, causing the ink to spray out. A researcher observing the incident realized that heat, rather than pressure, might be used to induce ink ejection. After successive refinements, Canon became a market leader in inkjet printers using this technology.

Another accidental discovery that became an iconic product was Velcro. After a walk in the Alps with his dog, Swiss engineer Georges de Mestral returned home with burrs stuck to his clothes and the dog's fur. Curious about their adhesive properties, he examined them under a microscope and observed countless tiny hooks. After successive tests, nylon was chosen as the ideal material. Velcro was born in 1941, its name combining the French words velour (velvet) and crochet (hook). The fashion industry initially showed little enthusiasm, but the material gained popularity in the 1960s when NASA used it extensively in space suits and equipment.

Percy Spencer, fascinated by electricity from an early age. While serving in the U.S. Navy, he helped develop the magnetron, a high-power vacuum tube used during World War II to detect aerial movement. Later, as a researcher at Raytheon, former American Appliance Company, Spencer was experimenting with radar and magnetrons when he noticed that a chocolate bar in his pocket had almost melted. He tested other foods: popcorn popped, and a raw egg heated until it exploded. The microwave oven had been invented.

The power of unintended successes extends beyond products to business models and corporate purposes. Tiny Speck was a startup focused on developing an online game called *Glitch*. After three years and several million dollars spent, the product failed. However, the team realized that their internal communication tool was superior to existing alternatives and decided to pivot. Thus, Slack[1] was born, "*not from a plan, but from a detour.*" Seven years after its launch, the company was sold to Salesforce for $27.7 billion.

YouTube was originally conceived in 2005 as a dating website called "Tune In, Hook Up," where users would upload personal videos to attract partners. The idea never gained traction until Jawed Karim posted a video titled "Me at the zoo," leading the founders to open the platform to all types of content. The following year, YouTube became one of the first "unicorns" of the modern internet era, acquired by Google for $1.65 billion.

Instagram began as a location-based check-in app called Burbn, which also allowed photo uploads. Inspired by FourSquare, it failed. The founders realized that users mainly wanted to take and share photos. They simplified the experience accordingly. Launched in 2010, Instagram reached one million users in just three months. In 2012, Facebook acquired it for $1 billion.

In the 1960s, Honda decided to enter the U.S. motorcycle market. Without a clearly defined plan, the initial idea was to serve the mid-range segment. However, employees used small 50cc motorcycles for personal use, drawing attention while riding around Los Angeles, enough for a Sears buyer to express interest. Honda recognized the opportunity and, despite not having initially planned to do so, began producing these small bikes, selling them through sporting goods stores to an affluent middle class.

Examples of positive UCs span disciplines, from medicine to economics, history to technology, basic research to politics, arts, business, organizations, careers, and biographies. To the extent that the English language coined a somewhat peculiar word: "serendipity." While translations exist, the Portuguese "serendipidade" has not taken hold. We prefer "happy accident" or "pleasant surprise," though these simplified versions fail to capture the full meaning of the original term. Apologies in advance, but we will adopt the anglicism throughout the remainder of the text.

The term was coined in 1754 by the writer Horace Walpole, appearing for the first time in a letter to a friend. Walpole referred to a "silly fairy tale" called *The Travels and Adventures of the Three Princes of Serendip* (the old name for Ceylon, now Sri Lanka), in which the protagonists "*were always making discoveries, by accidents and sagacity, of things which they were not in quest of*" (Merton & Barber, 2004)[2]. In other words, serendipity would be a kind of "accidental sagacity." The ambiguity of meaning was present from the outset, yet this did not prevent its continued diffusion in the English language. Robert K. Merton – here he is again – enchanted by its dual valence and sonority, even wrote a three-hundred-page book on the history, semantics, sociology, and moral implications of the word[3].

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1 *From the acronym Searchable Log of All Conversation and Knowledge.*

2 *As usual, the full references used in this text can be found on our website:* https://www.dynamo.com.br

3 *Merton finished drafting the text in 1958, but the work "The Travels and Adventures of Serendipity: A Study in Sociological Semantics and the Sociology of Science" was only published in 2004 by Elinor Barber, one year after his death.*

Since then, interest in the concept has only grown. A search on the academic platform Scielo yields around 1,400 articles with the word "serendipity" in the title. On Goodreads, we find 3,800 works, including complete collections. We identified at least eight podcast series. Naturally, our curiosity here will be limited to what pertains to companies.

In the dictionary, the term admits two definitions: (i) "*a pleasant situation that happens without warning, in an unexpected way*," associated with chance, fortune, or luck; or (ii) "*the ability to discover something by accident, without intention or prior planning,*" in this case connected to aptitude, talent, or capability. Academic articles suggest definitions that combine these elements, such as: "*a surprising discovery that results from unplanned moments in which our decisions and actions lead to valuable outcomes*" (Busch, 2024); "*the unexpected discovery of an opportunity brought about by purposeful action*" (Fultz & Hmieleski, 2021); or "*the accidental discovery of something that, post hoc, turns out to be valuable*" (Cunha et al., 2010). In management literature, some associate the concept with a process, others with an outcome. Synthesizing, there are four main elements that characterize serendipity, the first three relate to conditions, the last to the outcome: (i) an initiative or search, generally but not necessarily intentional; (ii) prior competence, knowledge, or preparation, associated with attributes such as sagacity, alertness, and intuition; (iii) the occurrence of some contingent event, a surprise; (iv) a valuable outcome, which may be a new possibility or solution, an interesting discovery, or a promising alternative.

We also find a typology for different cases of serendipity. In simplified form:

- **Type I**, also called "Archimedean," occurs when an individual seeks a solution to problem A, which does not arise in the expected way, but through an unsuspected piece of information or event B, like the bathtub that allowed Archimedes to understand buoyancy and solve the specific problem posed by King Hiero. Among the examples above, YouTube falls into this category: the solution to engagement came from a new, unplanned, and unexpected insight, opening the platform to all content rather than restricting it to dating.
- **Type II**, or "Columbian," occurs when one seeks to solve problem A but instead discovers something new B, just as Columbus, seeking India, found America. This includes cases such as Post-it, Canon, Slack, X-rays, the microwave, and anaphylactic shock.
- **Type III**, or "Galilean," occurs when, even without actively pursuing a problem, a new and surprising event leads to an unexpected discovery. Here, the emphasis lies on condition (ii) prior competence, which allows the individual to recognize the opportunity, even without active search, as Galileo did when observing the moon's surface and discovering Jupiter's moons. In this group, we can include Velcro and the U.S. market's unexpected interest in Honda's small motorcycles.

Within this last group, we may also include a phenomenon that occasionally occurs in business environments: when a company operating business-as-usual is reached by a trend that was difficult to predict within the business ecosystem, whether a new technology or unusual behavioral changes, such that these shifts create opportunities that leverage the company's capabilities in unexpected ways.

Classic examples include: the spread of television sets in American households in the 1950s, which allowed large consumer goods companies like Procter & Gamble, with the financial capacity to buy advertising time, to widen their competitive advantage over smaller players; the advent of refrigeration, which boosted Coca-Cola's sales; and the arrival of the videocassette, which enabled Disney to monetize its vast library of film content. In Brazil, we can cite Vale benefiting from the Chinese supercycle; Weg riding global megatrends such as energy efficiency, renewable energy, and electric mobility; and Localiza leveraging partnerships with mobility apps, transforming an adjacent technology into a revenue stream.

Although serendipity involves an accidental component, it differs from pure luck because it presupposes *agency* at some stage of the process. That is, someone actively acting, sometimes seeking to solve a problem, other times recognizing the value triggered by an unexpected opportunity. Serendipity is a process of interaction between luck and human action. "*Serendipity discoveries may be accidental, but they are not fortuitous*" (Cunha, 2005). "*Chance is an event; serendipity a capability*" (De Rond, 2005). This capability may consist of prior knowledge, specific aptitude or talent, creativity, sagacity, intuition, alertness, the ability to "connect the dots," or to "see bridges where others see gaps." Serendipity is the link between the unforeseen and innovation, where a deviation from the path becomes the main destination. It is the meeting of a chance event with a component of capability that produces the promising *eureka* moment.

Up to this point, we have been dealing at the individual level. Fleming, Richet, Roentgen, de Mestral, Spencer, Archimedes, all are serendipitists, possessing to varying degrees the ability to combine discipline, preparation, curiosity, intuition, and mental openness to recognize the potential of unexpected events, information, or phenomena. At this stage, the question arises: what about companies? Beyond a personal attribute, is there such a thing as organizational serendipity? Why do some companies seem to have more "luck" than others? If luck favors the prepared, what does preparation mean for companies? Is it possible to design organizations in ways that facilitate serendipitous events? How can companies leverage the value of

unexpected occurrences? How do different companies respond to accidental discoveries?

In Dynamo Letters 75 and 76, "The Fortunate" and "The Skilled," we investigated the roles of "chance" and "skill" in investment activity. We traced the saga of luck's tricks as the protagonist of uncertainty – from its origins in Greek mythology (Tyche) to its modern version as a potential agent embedded in quantum uncertainty. The inevitable tension of this dualism – "Fortune vs. Virtue," "Fortune vs. Athena (Wisdom)," "luck vs. talent," "chance vs. skill"- permeated the entire argument. At the same time, we acknowledged that while Fortune disrupts and unsettles, "*nothing is more effective than the combination of dedication, talent, and persistency to support the strange and almost paradoxical popular saying that recommends 'helping luck'*" (Dynamo Letter 75). Ultimately, while respecting every hint of Fortune, based on our experience at Dynamo, we attempted to affirm the merit of Skill by proposing a framework that disciplines investment analysis through "*four paths*" (Dynamo Letter 76).

The concept of serendipity embraces the ambivalence of these two dimensions, but instead of treating them as conflicting forces, it proposes an armistice, a synthesis aligned with "*helping luck*", an idea so well captured in several quotations that have since become classics: "*Luck favors only the prepared mind*" (Blaise Pascal), "*The more I practice, the luckier I get*" (Gary Player), and "*I'm a great believer in luck, and I find the harder I work, the more I have of it*" (Thomas Jefferson). Here, luck (accident) is not necessarily a principle of disorder; when appropriated with competence (sagacity), it may lead to favorable consequences (discoveries). Since serendipity is part luck and part process/capability, the question arises: is it reasonable to imagine intervening in at least this second half to enhance the likelihood of creating and activating serendipitous events within organizations? Is it possible to learn the discipline of connecting dots and develop the skill to promote and give meaning to unexpected events?

Some believe so, but the task involves considerable challenges. We know the world is increasingly connected, unstable, and uncertain. As business environments become more exposed to accidents and surprises, companies' default reaction is to expend organizational effort and substantial resources to avoid the unexpected. A significant part of the management mandate traditionally consists of pursuing predictability and intervening to produce stability.

Another "enemy" of favorable accidental discoveries is an exclusive and excessive pursuit of efficiency, whereby innovation initiatives and research programs are viewed merely as costs. Projects that harm efficiency metrics are discontinued, without considering that they might trigger promising discoveries or new business lines. When survival mode is activated, innovation disappears from the dashboard.

Additionally, organizations often face internal resistance and must overcome the status quo of dominant mindsets. New events may require changes in routines, behaviors, and even values, naturally provoking resistance from those well adapted to "the way things are done here" and established within the company hierarchy. The establishment's reflex tends to suppress or delay threats to existing norms, often seen as risks to career trajectories. Regardless of their initial merit, discoveries must survive power structures through which any innovation must pass.

When management's objective is to reduce uncertainty, surprises must be avoided. The merit of predictability takes precedence over any ex post beneficial outcome. As a result, serendipitous discoveries find no room to progress. In order to recognize the value of serendipity as an organizational byproduct and overcome this entrenched mindset, it would be necessary to advance a cultural change agenda, and perhaps even redesign internal structures. Among the possible initiatives are:

(i) Increasing the quantity and/or diversity of interactions, perspectives, and experiences in order to encourage greater cross-fertilization of ideas and knowledge. In a company where knowledge is dispersed, it is more likely that something valuable will be discovered collectively, emerging from a non-obvious encounter. When companies facilitate the circulation of information and share knowledge, they increase the likelihood of generating new ideas. Here, serendipity ceases to be a personal attribute, a particular ability of an individual to produce a promising insight, and becomes a relational phenomenon, incorporated into the more intangible concept of "social capital." Frequent interaction among individuals is what allows something considered insignificant by some to capture the attention of others (as in the case of 3M's Post-it, which was "shelved" for years)[4];

(ii) Cultivating an environment of psychological safety that allows people to express themselves openly without fear of punishment or humiliation. Encouraging spontaneous contributions, welcoming even the most unassuming or seemingly naive suggestions with genuine respect. This increases the likelihood that more exploratory, still underdeveloped ideas will be discussed;

(iii) In addition to encouraging the mixing of diverse talents and experiences in an environment of openness and trust, literature suggests as a healthy cultural ingredient some embedded tolerance for autonomy in experimentation,

4 *As a matter of curiosity, this approach aligns with a more recent argument circulating in scientific research departments that the integration of different disciplinary approaches and practical knowledge in "transdisciplinary" research would promote scientific knowledge and yield new, innovative, and higher-quality results (cf. Marg et al., 2023).*

some degree of "controlled slack", so as to allow favorable unintended events to occur;

(iv) Fostering, within the company's routines, a mindset of paying attention to and valuing unexpected information, developing peripheral vision, a sensitivity to what is different, even to what may seem "odd", and then making a deliberate effort to carry such insights forward;

(v) Establishing organizational designs and physical spaces that promote encounters, welcome surprises, and are more conducive to new information.

This is an agenda aimed at increasing the likelihood of favorable accidental events, without presuming that they can be engineered or managed. Serendipitous discoveries can be facilitated, but they remain an emergent process. Companies can create the conditions for them to occur, increasing the odds, without guaranteeing outcomes. Precisely because knowledge is sometimes discovered by accident, management should remain alert to unintended discoveries. The challenge is that valuable, unexpected knowledge is inherently unpredictable and cannot be anticipated, creating a tension with what is traditionally expected of executive teams.

The so-called unknown-unknowns – the absence of awareness or cognition of what is not known, or gaps in knowledge regarding relevant future contingencies that lack ex ante description – are everywhere in an increasingly uncertain world. Without serendipity, it is not possible to uncover unknown-unknowns, for the simple reason that we do not know what to look for or where to look. No form of exploration can anticipate consumer behaviors that emerge after shocks or crises that no one has previously experienced, such as triggered by Covid. How can one identify the new resources required to meet demands that no one has yet imagined? Research is not a viable option when one does not know what to search for; even experimentation becomes unfeasible when there are no hypotheses to test. Discoveries of unknown-unknowns arrive as surprises and, by definition, require serendipitous events (cf. Santos and Williamson, 2021)

Ed Catmull, former CEO of Pixar, renowned for fostering a culture of teamwork, mutual trust, and creativity, pointed the way: *"we as executives have to resist our natural tendency to avoid or minimize risk, which, of course, is much easier said than done… If you want to be original, you have to accept the uncertainty, even when it's uncomfortable… What we can do is construct an environment that nurtures trusting and respectful relationships, and unleashes everyone's creativity… Our building, which is Steve Jobs' brainchild, is another way we try to get people from different departments to interact. Most buildings are designed for functional purpose, but ours is structured to maximize inadvertent encounters"* (Catmull, 2008).

Google's Boston unit, located next to MIT (Massachusetts Institute of Technology), adopted a policy of hiring senior professors from computer science and engineering departments and surrounding them with talented young developers, data engineers, and others who work together in clusters. Apparently, they are not assigned specific corporate targets nor required to execute predetermined tasks. The concept is to leave the group free, with autonomy to generate creative ideas and test their ability to implement them, a structure that could be described as "serendipity squads."

Apple's headquarters in Cupertino, California (Apple Park), is perhaps one of the boldest expressions of the desire to cultivate encounters and collaboration in the workplace. Designed to house around twelve thousand employees, it is entirely circular, ring-shaped, with a glass structure, long shared walkways that facilitate movement, a large green central space, and seven major cafés, among many other features. The building embodies Steve Jobs' conviction that innovation depends not only on individual talent but on collaboration, spontaneous interaction, and the ability of skilled individuals to collectively forge decisions.

Some executives view serendipity as an important driver of their companies' progress and even as a source of business success. Jeff Bezos once said that *"there'll always be serendipity involved in discovery."*[5] Hubert Joly, when CEO of Best Buy,

5 *It is impossible not to hear echoes of this statement by the Founder in the letter from Amazon CEO Andy Jassy in September 2024, in which he reinforces the importance of the company's culture of collaboration and innovation and, in order for everyone to be "enough connected," invites his entire team to return to in-person work as it was before Covid.*

Dynamo Cougar x Ibovespa
Performance in R$ up to March 2026

Period	Dynamo Cougar	Ibovespa*
120 months	249.1%	274.5%
60 months	18.6%	69.7%
36 months	76.9%	84.0%
24 months	32.7%	46.3%
12 months	49.0%	43.9%
Year (2026)	9.9%	16.3%
Month (March)	2.3%	-0.7%

(*) Ibovespa closing. Indices are presented as economic reference only, and not as a benchmark.

stated that "*our reaction to the unexpected defines who we are*." Tom Linebarger, CEO of Cummins, suggested that "*cultivating serendipity is an active approach to leadership in times of uncertainty*" (cf. Busch, 2024).

Of course, we recognize that this agenda is subject to skepticism and criticism. To begin with, there is the so-called "survivorship bias" inherent in serendipitous events: for every favorable example we mention, how many unsuccessful efforts were left along the way? Moreover, allocating resources to promote cultural change, encourage distant interactions, and produce unconventional knowledge that may only occasionally prove useful ex post can seem naïve or misguided when viewed through the lens of intense competitive pressures, particularly in a business environment that is often inhospitable to executives and entrepreneurs in our country. A "waste" that may prove costly. Such an approach might be more suitable for large (and wealthy) American technology companies, which can afford the "luxury" of incurring expenses without clear visibility of future returns. We fully understand this argument, and there is little to dispute.

It is true that no company, in its right mind, should rely exclusively on a type of knowledge or learning that is uncertain and impossible to anticipate. Nevertheless, serendipitous discoveries can result from intentional exploratory search processes, and some of these companies have arrived there, in part by reaping the benefits of such designs deliberately embedded in their business models. This may help explain why some companies appear to be more "favored by chance" than others.

In our last two Letters, we have sought to understand the intriguing theme of unintended consequences (UCs) of human actions, as usual directing our analytical lens toward the corporate environment and our role as investors. In the previous Letter, we addressed negative UCs, which occur when seemingly well-designed intentions deviate from their original purpose and the outcome of a deliberate action moves in the opposite direction of the initial intent. As we pursue investments with appropriate risk-return profiles and prioritize the preservation of our investors' capital, the timely identification of corporate decisions that may prove disappointing down the road constitutes a valuable diligence within our objective function. Hence our effort to understand the origins of this pervasive phenomenon. We outlined two lines of explanation and discussed how the economy, businesses, and companies are particularly conducive environments for such undesirable deviations. Finally, we proposed a set of diligences aimed at refining our analytical process in order to reduce the incidence of these unfavorable outcomes.

Taking advantage of symmetry, in this Letter we turn to positive UCs, cases in which deviations from the path of initial intentions lead to favorable, unexpected results. Although equally intriguing, examining them carries less practical weight for our purposes, as we do not base our investment theses on a spectrum of optionalities that may eventually materialize. Hence the shorter and less dense nature of this text. Still, out of intellectual curiosity, we chose to explore part of the vast literature on the subject, which led us to the concept of serendipity and brought us back to the classic dilemma of delineating the boundaries between chance and skill.

In this case, the set of suggested actions may be somewhat distant from the reality of most Brazilian companies, immersed as they are in the daily grind of incremental gains in competitiveness and marginal efficiency. Nevertheless, we believe the reflection is worthwhile, not least because, as we have seen, in a volatile and uncertain world the perception of a seemingly controlled business environment may prove to be a deceptive manifestation of an unknown-unknown. On the other hand, transformational discoveries often originate from accidental encounters. Thus, fostering them may carry strategic value.

Our readers are well aware that we associate proficiency in investment activity with the ability to navigate across diverse disciplines, striving to build a collection of mental models commensurate with the multivalent nature of our object of analysis.

The history of Dynamo is a Sisyphean endeavor of continuous improvement, both in the vertical depth of that inexhaustible reality that companies and their businesses represent, and in the horizontal breadth of mastering techniques and tools that never cease to evolve. All of this is preserved in a reservoir of experience distilled from countless successes and mistakes, fortunately more of the former than the latter, over the past thirty-two years. One of the many benefits of this accumulated capital is preparedness, or a certain idiosyncratic ability to forge distant connections, identify promising trends, and, at times, even provoke the kind of chance that may prove favorable. In other words, the cultivation of a certain serendipitous fragrance, which, we believe, has provided us with considerable advantages.

We conclude with a note of internal curiosity. Walking the talk, beyond seeking greater diversity of identities and life experiences at Dynamo and fostering the intensity of interactions as a central element of our organizational design, we also strive to develop cognitive diversity, both individually, through varied backgrounds, and collectively, through exposing our team to a broad repertoire of disciplines seemingly unrelated to our day-to-day activities. To that end, we have hosted specialists from a wide range of fields: poets, ornithologists, historians, filmmakers, athletes, chess players, scientists, in short, a broad spectrum of interests. These are informal and

DYNAMO COUGAR x IBOVESPA (Performance in US$)*

Period	DYNAMO COUGAR Year	DYNAMO COUGAR Since Sep 1. 1993	IBOVESPA** Year	IBOVESPA** Since Sep 1. 1993
1993	38.8%	38.8%	7.7%	7.7%
1994	245.6%	379.5%	62.6%	75.1%
1995	-3.6%	362.2%	-14.0%	50.5%
1996	53.6%	609.8%	53.2%	130.6%
1997	-6.2%	565.5%	34.7%	210.6%
1998	-19.1%	438.1%	-38.5%	91.0%
1999	104.6%	1,001.2%	70.2%	224.9%
2000	3.0%	1,034.5%	-18.3%	165.4%
2001	-6.4%	962.4%	-25.0%	99.0%
2002	-7.9%	878.9%	-45.5%	8.5%
2003	93.9%	1,798.5%	141.3%	161.8%
2004	64.4%	3,020.2%	28.2%	235.7%
2005	41.2%	4,305.5%	44.8%	386.1%
2006	49.8%	6,498.3%	45.5%	607.5%
2007	59.7%	10,436.6%	73.4%	1,126.8%
2008	-47.1%	5,470.1%	-55.4%	446.5%
2009	143.7%	13,472.6%	145.2%	1,239.9%
2010	28.1%	17,282.0%	5.6%	1,331.8%
2011	-4.4%	16,514.5%	-27.3%	929.1%
2012	14.0%	18,844.6%	-1.4%	914.5%
2013	-7.3%	17,456.8%	-26.3%	647.9%
2014	-6.0%	16,401.5%	-14.4%	540.4%
2015	-23.3%	12,560.8%	-41.0%	277.6%
2016	42.4%	17,926.4%	66.5%	528.6%
2017	25.8%	22,574.0%	25.0%	685.6%
2018	-8.9%	20,567.8%	-1.8%	671.5%
2019	53.2%	31,570.4%	26.5%	875.9%
2020	-2.2%	30,886.1%	-20.2%	679.0%
2021	-23.0%	23,762.3%	-18.0%	538.9%
2022	-7.8%	21,899.9%	12.0%	615.4%
2023	32.1%	28,965.0%	31.8%	842.8%
2024	-30.8%	20,002.8%	-29.9%	560.7%
2025	56.1%	31,224.4%	50.8%	845.5%
2026***	15.9%	36,264.9%	22.6%	1,121.6%

(*) Considering that this is a Fund that has existed since 1993. the figures were converted into dollars (US$) as a way to eliminate the volatility of the Brazilian currency throughout the period and. in this way. minimize the risk of possible misinterpretations by the reader in the case of an investment decision/ divestment. Dynamo Cougar is a fund that invests in NAV of an equity investment fund and is currently closed for new investments. (**) Ibovespa closing price. The index is presented as a mere economic reference and does not constitute a target or benchmark for the Fund. (***) Return up to March 2026.

open conversations through which we engage with diverse competencies, explore learnings, and exercise metaphors. For us, true serendipitous encounters.

Rio de Janeiro, April 6th, 2026.

Additional information:

- **Inception:** 09/01/1993
- **Objective:**
  Deliver NAV appreciation above inflation in a medium/long term horizon by investing at least 95% (ninety-five percent) of the fund´s net worth in the NAV of Dynamo Cougar Master Equity Investment Fund ("Master Fund")
- **Target investor:** Qualified investors
- **Status:** Closed for new investments
- **Redemption grace period:** 12 months grace period or liquidity fee of 3% for redemption within this time period*
- **Redemption NAV:** D+12 (calendar days)*
- **Redemption payment:**
  D+2 (working days) after NAV conversion*
- **Applicable taxation:** Equity
- **Anbima´s classification:** "Equity – Free Portfolio"
- **Management fee:** 1.90% per year for the Fund + 0.10% for the Master Fund
- **Performance fee:** on the top of IPCA + IMAB*
- **Average monthly net worth last 12 months:**
  R$ 5.593,9 Million.

(*) Detailed description provided in the bylaws

To find more information about Dynamo and our funds. or if you wish to compare the performance of Dynamo Cougar to other indices in different time periods. please visit our website:

www.dynamo.com.br

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