



ALLOCATION AND ORDER SPLITTING POLICY
February 2021



1. Introduction

This Allocation, Splitting, and Order Division Policy of Tera Investimentos Ltda ("Tera Investimentos" or "Manager") aims to formalize the methodology and criteria used by Tera Investimentos in the allocation of orders within the management of the portfolios managed and the investment funds managed by the Manager, thus ensuring accuracy and, above all, impartiality in this process.

Compliance with this Policy brings benefits to all clients, as it ensures that the gains and losses in each client's portfolio arise solely from the exercise of activities inherent to management, and not from manipulation and/or operational errors unrelated to investment decisions. In fulfilling its fiduciary duty, the Manager ensures strict compliance with its obligations to its clients and will always employ its best efforts to achieve this goal.

This Policy must be observed by the partners, administrators, employees, and anyone who, in any way, assists in the development of Tera Investimentos' activities ("Employees").

Allocation Guidelines

The allocation of orders and investment opportunities among the various investment funds and other vehicles managed by Tera Investimentos will be carried out taking into account (i) the asset management contract entered into with each client, (ii) the investment policy of each Fund, and/or any other instrument eventually agreed directly with investors. It should be emphasized that the partners of Tera Investimentos who are also clients will receive equal treatment in relation to other clients regarding the procedures for allocation, splitting, and order division, and no special procedures need to be established.

2. Order Grouping Procedures

The securities that will compose the portfolios of the clients and investment funds managed by Tera Investimentos may be acquired in a single order, grouping the investments of each of the investor vehicles, particularly through the use of master accounts with securities brokerage firms. This grouping may occur as long as its division is done using equitable criteria and in the best interest of the investors, taking into account the individual situation of each client. If Tera Investimentos executes investment orders on behalf of each of its vehicles without using groupings, the methodology established here will not apply.

The allocation of such orders between these funds and vehicles will, as a rule, be made proportionally to the investor vehicle's participation in the executed order, considering the following requirements:

- (i) Net assets of the investor vehicles in relation to the purchase order;
- (ii) Characteristics and strategies of the mandate / investment policy established;
- (iii) Metrics related to risk factors, liquidity, and volatility of each security in comparison

to the profile of each client.

The management team members must observe the following procedures when grouping orders without the prior identification of the fund in whose name the order should be executed:

- (i) To evaluate if a fund should participate in a grouped order, the management area should consider the strategy, net assets of each participating portfolio, diversification, cash availability, investment policy, mandate, risk profile, regulatory restrictions, or any other factor that proves relevant for the decision regarding the grouping;
- (ii) The management area will seek to allocate all grouped orders using the criteria established here, in a fair manner between all funds, ensuring that allocation decisions will never be made based on the fund's performance or fee structure;
- (iii) The allocation percentages will be calculated daily – only considering business days. Given the diversity of parameters considered for defining the allocation, the calculation will be done manually by the management team, without the aid of electronic systems;
- (iv) Due to the specifics involved in Initial Public Offerings ("IPOs"), participation in such offerings must be determined in advance by the Investment Committee, even before the reservation request to the brokerage firms for the acquisition of primary issuance shares. The responsible manager should define the allocation between portfolios before the settlement date and, on the IPO date, allocate the securities actually acquired in accordance with such allocation. If the primary issuance share purchase reservation is only partially met, the responsible manager must reallocate the participation among the portfolios before the IPO date.

In addition to the analysis of the proportional allocation of each grouped order, Tera Investimentos also has equitable criteria for defining the average price at the time of allocation. This criterion consists of assigning participation to the funds in the division of all lots of financial assets traded during the same trading session, proportionally to the amount each fund is entitled to, according to its investment policy and risk profile, and in accordance with the average transaction price obtained by the Manager during that trading session.

In this regard, Tera Investimentos may group orders to be placed in the market and allocate them using the average price for funds and vehicles under its management, even if they belong to different strategies but trade the same financial assets on the same trading session, whenever deemed prudent or necessary to protect the integrity of the Fund portfolios.

However, the average price may not be applied when:

- (i) The buy and sell orders have a precise identification of the Fund or investment portfolio to which they should be executed: in this case, the transactions will be recorded and settled at the price obtained when fulfilling the order;
- (ii) The funds have qualified custody services provided by another institution: in this situation, the timing of sending the transactions related to the orders may occur earlier due to the schedule set by the custodian. Thus, the allocation may be made by the

- average of the prices observed until the closure of the submission of information to the custodian;
- (iii) The traded quantity is very small: in this case, the allocation of lots may present a mathematical impossibility of reaching the average negotiated price or result in a fractional lot (i.e., the result is not an integer);
 - (iv) The lot is indivisible: in this case, it is not possible to divide the lot and specify it by the average price;
 - (v) It is necessary to make an active or passive classification of a Fund;
 - (vi) There are individual restrictions: In this situation, there are specific restrictions and/or prohibitions affecting a Fund or investment portfolio, such as short sales, prohibition of day trading, investment abroad, among others;
 - (vii) It involves direct transactions between Funds (Cross Trades): If, for any reason, it is necessary to trade a financial asset between two Funds;
 - (viii) There are operational restrictions due to specific situations experienced by the Fund;
 - (ix) Due to having different investor profiles, Tera Investimentos may intentionally place orders at different times of the day, so that the prices acquired for each portfolio reflect exactly the price at the time of acquisition, in line with the client's profile or mandate. Moreover, if the traded asset is part of different investment strategies, the Manager may also place orders at different times of the day, which should be allocated to each Fund considering the actual transaction price defined for each investment strategy, and not the average price.
 - (x) Due to Subscription or Redemption: Due to the occurrence of subscriptions or redemptions.

The Manager must maintain controls and evidence of the situations in which the exceptions set out above are applied, including the specific reasons that led to each differentiated allocation among Tera Investimentos' clients. Such information must be retained by the Manager for a period of no less than five (5) years.

The compliance department is responsible for monitoring the conformity of grouped order operations with the procedures established in this Policy. Any changes to the order grouping procedures described herein must be assessed directly by the responsible Manager.

3. Order Allocation – Private Credit

In transactions involving financial assets considered private credit, orders will be issued in blocks and allocated proportionally to the net asset value of each investment fund under management, subject to the applicable risk indicators for credit risk or acceptable maturity, in accordance with each fund's regulations or mandate.

All orders for managed investment funds must fall within the price range observed for the financial asset in question on the day of the trade. This price range is monitored by the Risk Management and Compliance areas of the Manager.

In the event of a potential conflict of interest between the investment funds under management, the Risk Management area must consult with the Compliance area before executing the financial asset transaction.

4. Order Allocation – Equities

The equities that will compose the portfolios of clients and investment funds managed by the Manager are selected by the Investment Director. The allocation strategy is defined in advance. The Investment Director determines the size of the equity allocations based on two main criteria:

- (a) according to fundamental and economic analyses, always considering the current market price of the securities; and
- (b) the strategy and profile of each client.

5. Order Allocation – Derivatives

Strategies involving derivatives are, in most cases, fundamentally related to wealth protection (hedging) and are therefore customized according to the strategy and profile of each managed fund.

6. Order Allocation – Fund Shares

Investments in shares of other investment funds are made individually per fund, in accordance with each one's investment policy, mandate, and liquidity needs. Therefore, such transactions are not subject to grouping or allocation procedures described in this Policy.

7. Funds Investing Primarily in Other Investment Funds

Funds that primarily invest in other investment funds are managed according to their specific policies. Buy and sell orders for funds are executed individually for each fund. Transactions are specified per fund and/or portfolio based on their investment profile, financial schedule, and liquidity planning.

Ordinarily, opportunities within the same offering will be allocated proportionally among the funds.

8. Manager or Employees Acting as Counterparties to the Funds

Pursuant to CVM Instruction No. 558/15, the Manager is prohibited from acting, directly or indirectly, as a counterparty in transactions with the Funds, except in the following cases:

- (i) When managing managed portfolios and with the investor's prior written authorization; or
- (ii) In the case of investment funds, provided that this is expressly stated in the fund's bylaws.

The compliance department must maintain a separate file documenting all transactions in which the Manager has acted as a counterparty to the Funds, for a period of no less than five (5) years.

Finally, the Manager may occasionally carry out direct transactions between different funds under its management on the stock exchange. In such cases, Tera Investimentos must observe the market price of the transaction and retain, for no less than five (5) years, a proper record of all such transactions, including the rationale and the price applied.

9. Expense Allocation

As a general rule, expenses will be allocated and charged directly to the Fund that used the respective service or product. However, in cases where more than one Fund has shared the use of services or products, the expenses may be allocated among the benefiting Funds according to one of the following criteria, as applicable:

- (i) Expenses related to transactions involving more than one Fund may be allocated in proportion to each Fund's participation in that specific transaction;
- (ii) Expenses with service providers that benefit more than one Fund proportionally may be allocated based on each Fund's net asset value or on each Fund's participation in the specific transaction;
- (iii) Fixed costs that can be individually assigned to each Fund (e.g., regulatory registration costs) will be charged to the respective Fund.
- (iv) Notwithstanding the rules set forth in this section, the allocation of expenses to each Fund and payments to third parties must observe the specific rules established in each Fund's bylaws, which, as a rule, should be compatible with this Policy.

The compliance department shall periodically monitor the fair allocation of expenses among the Funds and compliance with the guidelines established herein.

10. Periodic Monitoring of Transactions

As stated above, the compliance department is responsible for monitoring the conformity of order grouping transactions with the procedures established in this Policy. Any changes to the procedures for order grouping outlined herein must be assessed directly by the Chief Investment Officer.

This procedure must be carried out on an ongoing basis, and the Chief Investment Officer, upon identifying any allocation failure, must report the issue to the Compliance, Risk, and AML Officer.