TERA

RISK MANAGEMENT POLICY
August 2024

RECORD OF CHANGES			
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2	-	Revision	12/2021
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1. General Definitions

1.1 Introduction

The purpose of this Risk Management Policy ("Policy") is to describe the structure and methodology used by Tera Investimentos Ltda. ("Manager") for risk control of the investment vehicles under its management, in accordance with the legislation, codes, and other standards issued by regulatory and self-regulatory bodies.

Risk management aims to gain control and understanding of the risks to which the management activity is exposed, aligning strategies with the investment vehicles' objectives and seeking to mitigate or reduce potential negative outcomes.

1.2 Regulatory Framework

This Policy is based on the following rules and regulations, without prejudice to others that may relate to the subject matter herein:

(i) CVM/SIN/Circular Letter No. 05/2014;
(ii) CVM Resolution No. 21/21;
(iii) ANBIMA Code of Regulation and Best Practices for the Management of Third-Party Resources ("ART"); and
(iv) ANBIMA Code of Ethics ("ANBIMA Code").

1.3 Responsibilities

The Risk and Compliance areas are responsible for defining and implementing risk management practices related to concentration, market, liquidity, credit, counterparty, and operational risks described in this Policy, as well as for ensuring the quality of processes and methodologies and maintaining records that justify decisions made.

The following activities are under the responsibility of the Risk area:

(i) Implement this Policy, planning and executing the procedures defined herein;
(ii) Draft and amend, when necessary, this Policy, its procedures, and risk rules;
(iii) Identify any breaches and apply the procedures set forth in this Policy to the actual cases;
(iv) Coordinate the production and delivery of risk reports, monitoring compliance with limits defined by the Risk Committee as per the periodicity established in this Policy, as well as reporting to impacted areas; and
(v) Propose to the Risk Committee changes to methodologies and improvements to analyses.

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1.4 Risk Committee

The Risk Committee shall be responsible for:

(i) Defining, updating, and disclosing, together with the Compliance Committee, the Manager's Risk Policy;
(ii) Establishing risk limits for the investment vehicles managed by the Manager;
(iii) Defining the risk scale methodology to determine the investor profile for each fund under the Manager's supervision;
(iv) Monitoring the adherence of the investment vehicles managed by the Manager to risk, regulatory, and tax limits;
(v) Defining the action plan to reestablish compliance of a fund, when necessary;
(vi) Deliberating on analysis reports of issuers of private credit assets and assigning a risk scale, as described in item 4 of this Policy;
(vii) Deliberating on analysis reports of contracted service providers;
(viii) Defining, implementing, and monitoring AML/CFT risk controls for clients and third parties;
(ix) Deliberating on the need to reassess the risk of any private credit asset in light of adverse events involving the issuing company or related third parties; and
(x) Any other decisions that must be made within the scope of this Policy.

Regarding its composition, the Risk Committee will consist of the following members ("Regular Composition"):

(i) Risk Director; and
(ii) Risk Analyst from the Manager's team.

On certain occasions—such as the creation of new methodologies, project management, system procurement, breach analysis, case studies, and others—the Risk Committee will also include the following members from the Manager's team ("Extended Composition"):

(i) CEO – Chief Executive Officer;

(ii) Portfolio Management Director;

(iii) Compliance, Internal Controls, and AML/CFT Director; and

(iv) Portfolio Management Analysts.

It is important to note that the purpose of the Extended Composition is to enhance the Risk area. In such cases, working groups will be formed in which these additional participants will be limited to discussion roles and will not hold decision-making power. This measure aims to mitigate any potential conflicts of interest arising from their roles within the Manager.

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Any decision made within the Risk Committee framework must be taken by the Risk Director and the other risk analysts of the Manager who are part of the Risk Committee. Meetings will be held monthly and exceptionally whenever necessary, with due minutes being recorded. The Risk Committee will be chaired by the Risk Director or, in the event of their absence, the Risk Director must appoint their substitute.

The Risk Director will be responsible for formalizing the election of the Risk Committee members, who must deliberate collegially. The Risk Director, in their capacity as chairman of the Risk Committee, will have the deciding vote whenever deemed necessary. Finally, the composition of the Risk Committee must be approved by the Compliance Director's department, who may request changes to its composition if there is a potential conflict of interest between its members and their activities.

1.5 Review Frequency

This policy will be reviewed annually and updated in case of changes in regulations or significant changes in the methodology of the risks defined in this document.

2. Compliance Control

2.1 Objective

Within the Manager's responsibilities, the Risk department is responsible for ensuring that the funds and portfolios managed comply with the rules set forth in the applicable regulations and in the constitutive documents of the structure, such as the fund's regulation and the Investment Policy of the managed portfolios.

2.2 Methodology

Compliance control is carried out primarily before any transaction is made, i.e., any movement, whether of liabilities or assets, must be analyzed before being executed, according to the flowchart below.

If a potential risk of non-compliance is identified during the pre-transaction analysis, the operation may be suspended until an action plan is defined to mitigate such risk.

In cases where liability movements occur that are not managed by the Manager, the Risk department must receive the following information: (a) the amounts and settlement dates; and (b) how liquidity will be generated for the transaction. This ensures an analysis of the resulting portfolio exposure in order to mitigate the risk of potential passive non-compliance.

A periodic analysis may also be carried out, in which the most recent available portfolios are analyzed at their closing, with the aim of confirming adherence of the exposures to the fund's regulations and the applicable regulation. If any potential risk of non-compliance is identified during this process, the matter must be analyzed by the Manager's Portfolio Management department, which will define the action plan to mitigate such risk. If there is a disagreement regarding the action plan, the Compliance, Internal Controls and AML/CFT Director or the Risk Director may call a Risk Committee meeting to evaluate the proposed plan ("Non-Compliance Analysis Meeting"). The Non-Compliance Analysis Meeting will be attended by the Extraordinary Composition of the Risk Committee.

If a non-compliance is confirmed, whether due to liabilities or assets, the action plan approved by the Risk Committee shall be communicated to the supervisory authority and to the fund administrator as soon as possible. In addition, the Risk Committee, together with the Compliance department, shall formally document the causes of the non-compliance, as well as the specific rules that were violated, including the respective supporting evidence.

2.3 Operational

The Manager uses the LOTE45 system, in addition to automated internal controls that perform exposure compliance analysis both pre-transaction and periodically, in the following cases:

(i) Analysis of regulatory limits – under current regulations;
(ii) Analysis of fund regulatory limits;
(iii) Analysis of investment policy limits for Managed Portfolios; and
(iv) Analysis of average term in accordance with Normative Instruction RFB No. 1916.

The Manager compares both systems (LOTE45 and internal) to identify and address potential operational risks. In case of issues with outsourced service providers, the Manager will rely on its internal controls for as long as necessary until the external services are fully restored.

3. Risk and Liquidity Management

3.1 Definition

"**Liquidity Risk**" is the possibility that a fund or portfolio will be unable to efficiently meet its expected or unexpected, current or future obligations, including those arising from the posting of collateral, without affecting its daily operations or incurring significant losses. Liquidity Risk also includes the possibility that a fund or managed portfolio will be unable to trade a position at market price due to its size relative to traded volume or due to a market disruption.

Liquidity management and control of the funds take into account the following aspects:

(i) **Assets**: When applicable to the fund, the existence of a secondary market and the possibility of repurchase by the issuer are evaluated. Securities will be considered illiquid if the fund is unable to trade the position at market price due to its size in relation to the normally traded volume or due to a market disruption;

(ii) **Liabilities**: The Manager considers factors such as the fund's redemption history, investor concentration, and the percentage of fund investors that are other funds managed by the Manager.

3.2 Liquidity Management Criteria

Daily monitoring of the asset portfolios of open-ended funds ("Open Funds") will be conducted to ensure they are adequately aligned with the liquidity needs of investors requesting redemptions, without harming the remaining investors. To that end, the Risk and Compliance departments closely observe all procedures necessary to ensure that the asset portfolio's liquidity complies with regulatory obligations.

The Manager performs a prior analysis of all investments of the Open Funds under its management, aiming to mitigate potential illiquidity scenarios that may lead to regulatory breaches as described in this section. For this purpose, the Portfolio Management department will forward the details of each transaction to the Risk and Compliance departments, so that the investment will only be executed upon approval by these departments, as described earlier in this Policy.

The Open Funds will be managed in such a way that 10% (ten percent) of their positions, including cash and cash equivalents, are liquid within the fund's redemption period ("Liquidity Cushion").

Each invested asset is considered to have liquidity equivalent to 20% (twenty percent) of its average trading volume in the secondary market. The average trading volume is calculated as the arithmetic mean of the monthly trading volumes, based on two rolling windows of the previous six and twelve months from the analysis date, divided by the number of business days in the period (except for stocks, which use 3- and 6-month rolling windows). The more conservative of the two rolling windows will be used as the final average volume.

For the liquidity volume analysis of stocks, the most conservative average trading volume among the last 30 (thirty), 60 (sixty), or 90 (ninety) days will be used.

3.2.1 Criteria for Liability Analysis

(i) **Estimation of Liability Behavior:**

For Open-End Funds, the Asset Manager will consider the arithmetic average of the monthly net inflow values over two different time windows: the last 6 (six) and 12 (twelve) months. The most

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conservative window will be used, meaning the one that presents the lowest negative value in comparison to the average Net Asset Value ("NAV") between the two periods (under normal market conditions). This value will be annualized and projected over rolling periods of 1, 5, 21, 42, 63, 126, and 252 business days.

The Asset Manager will also monitor the monthly arithmetic average of total redemptions during the period for stress testing purposes, as well as the ranking of the largest total redemptions since each fund's inception.

The minimum liquidity percentage for the fund portfolios will correspond to the expected redemption amount under normal market conditions. If this value is below the level set by the committee, the minimum liquidity requirement will default to the Liquidity Cushion rule.

(ii) Investor Concentration:

Investor concentration will be monitored by the Asset Manager and divided into the following groups:

(a) concentration by individual investor;
(b) concentration by the same asset manager/distributor; and
(c) concentration by funds managed by the Asset Manager.

For Open-End Funds, the value of the position held by the investor with the highest share concentration in the fund will be considered for calculation purposes, excluding investors under management by the Asset Manager.
The maximum concentration of a single investor or allocator must be below 80% (eighty percent) of the fund's Net Asset Value.

(iii) Scheduled Transactions:

Whether positive or negative (subscriptions or redemptions), the Risk Department maps and monitors all liability movements from receipt to settlement in order to mitigate potential liquidity risks. In the case of scheduled redemptions, these are factored into the D-0 liquidity calculation — that is, regardless of the redemption settlement period, the methodology will provision the required amount for those future redemptions.

(iv) Investment Fund Units:

For invested funds, the redemption term will be considered as the liquidity of those assets. Fixed income funds that generate returns close to the CDI (Interbank Deposit Certificate rate) and allow same-day redemption will be used for cash management. Additionally, for cash yield enhancement purposes, the following will be used

(v) Investment Fund Units

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To enhance cash management, repurchase agreements (repos) backed by government bonds may be used, where the invested amount is returned the following day as cash with accrued returns. Closed-End Funds are considered illiquid by default. However, in cases where public data is available regarding secondary market transactions of fund units, it will be up to the Risk Committee to decide whether or not to use such information.

(vi) Managed Portfolios

The liquidity of managed portfolios may vary depending on each client's profile and objectives. Therefore, liquidity characteristics for each managed portfolio will be assessed on a case-by-case basis and formalized in the respective client agreement.

(vii) Private Fixed Income Securities

The secondary market will be considered in the liquidity calculation, based on the average traded volume metric defined in this Policy, for securities with publicly available information. If the security has payment flows, these will also be considered in the liquidity calculation, according to the settlement schedule of each payment.

The liquidity of private fixed income securities may also be defined by their maturity or by proxy using other fixed income securities (necessarily from the same issuer and same type) if relevant secondary market information is unavailable. Additionally, any guarantees attached to the security and its convertibility into shares may be factored into the liquidity criteria, if approved by the Risk Committee.

(viii) Government Bonds

These will be considered liquid assets. Their secondary market may be used as a reference, subject to approval by the Risk Committee and in accordance with the methodology outlined in this Policy.

(ix) Equities

Equities are generally considered illiquid, unless they are widely traded on stock exchanges. In such cases, to determine the position's liquidity term, the Average Daily Traded Volume will be used, following the methodology established in this Policy.

(x) Offshore Assets

For offshore assets, their redemption period will be used to assess their liquidity or illiquidity. If the asset's maturity exceeds the fund's redemption period and there is a thin secondary market, it will be considered illiquid.

(x) **Over-the-Counter (OTC) Derivatives**

OTC derivatives are considered, by nature, illiquid assets, unless the maturity is short or there is an agreement between the parties for the periodic payment of interest differentials. The maximum position in a derivative must be lower than the ratio between the lowest average trading volume observed in the rolling windows of 30 (thirty), 60 (sixty), and 90 (ninety) days and the total number of outstanding contracts.

3.3 Cash Management

The internal controls used by the Manager monitor the cash flow of the funds and issue an alert (soft limit) when the cash level of a fund falls below the limit set by the committee.

Fund cash should preferably be invested in daily liquidity assets such as:

(a) federal government bonds; and
(b) fixed income investment funds managed by top-tier banks, thereby mitigating credit risk as much as possible.

The methodology for implementing the cash management rule may be modified at the discretion of the Risk Committee, which may consider, at its sole discretion:

(a) the Fund's Net Asset Value (NAV);
(b) the percentage of the NAV used over the past 12 (twelve) months to cover the fund's expenses; and
(c) the fund’s net inflow history since its inception.

3.4 Illiquidity Situations

In exceptional cases of illiquidity of the assets in the fund's portfolio — including those resulting from redemption requests incompatible with the fund’s available liquidity, or those that may impact the tax treatment of the fund or its investors to their detriment — the Manager will immediately notify the fund’s administrator and may request that the administrator declare a temporary suspension of redemptions due to illiquidity. In such cases, a general shareholders’ meeting must be called, in accordance with the fund’s regulations, to decide on the following options:

(i) Reopen or maintain the suspension of redemptions;
(ii) Spin-off of the fund; and
(iii) Liquidation of the fund. Provided there is mutual agreement with the redeeming shareholders, expressed either in the meeting or otherwise, redemptions may be made through in-kind distribution of assets.

If the fund has only one class of shares, decisions may also be made regarding the replacement of the manager and/or administrator, as well as on the aforementioned matters.

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In cases of exceptional illiquidity or even market closures, investors are entitled to a penalty of 0.5% (half a percent) of the redemption amount per day of delay in the payment of their redemption, to be paid by the fund's administrator.

3.5 Data and Information Sources

The following sources are considered for obtaining data and information used in calculating the liquidity of financial assets:

(i) **For assets traded on Stock Exchanges and/or Electronic Trading Systems**:
(a) B3 (Brasil, Bolsa, Balcão); and
(b) Other sources that may provide information on the trading of the financial asset, such as clearing houses, custody systems, and electronic trading platforms;

(ii) **For assets traded in Organized Over-the-Counter (OTC) Markets**:

(a) The sources listed in the previous item;
(b) ANBIMA (Brazilian Financial and Capital Markets Association);
(c) The clearing house responsible for the settlement of private credit assets; and
(d) The Central Bank of Brazil, the National Treasury, and their equivalents in the country where the financial asset is traded.

3.6 Liquidity Risk Monitoring Frequency

Liquidity conditions will be monitored daily and reported to the Portfolio Management Officer, who must base their decisions on the limits established at the time the client's liquidity profile was defined or as required by the regulatory documents of the respective investment vehicles.

In cases where a fund class invests in shares of other investment funds, the Manager is responsible for evaluating the liquidity of the target class according to the following parameters:

(i) Amount to be invested;
(ii) Redemption payment rules of the invested class; and
(iii) Systems and tools used to manage the liquidity of the invested class.

Potential conflict-of-interest situations will be handled according to the procedures described in the Compliance Manual.

3.7 Redemption and Amortization

Regarding Redemption and Amortization, the Manager establishes the appropriate rules for redemption and amortization in the fund's bylaws or regulations. The Manager has discretion over the definition of the net asset value (NAV) for each fund class, as well as the decision to apply

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redemption barriers, which, if implemented, will be duly reported to the fund administrators for public disclosure as a material fact.

It is hereby established that in open-ended classes, compulsory redemptions of fund shares may occur provided that:

(i) the fund's regulation or a resolution of the shareholders' meeting authorizes such procedure and clearly defines the method and conditions under which it should be carried out;
(ii) the compulsory redemption is carried out fairly, simultaneously, and proportionally among all shareholders of the same class and subclass; and
(iii) no exit fee is charged.
Lastly, amortization must occur strictly in accordance with the provisions of the fund's regulation and duly resolved in a shareholders' meeting.

4. Credit and Counterparty Risk Management

4.1 Definition

"Credit Risk" refers to the possibility of losses arising from a borrower's or counterparty's failure to meet their financial obligations under the agreed terms, from a credit agreement losing value due to the borrower's credit rating deterioration, from reductions in interest or earnings, from concessions granted during renegotiations, and from credit recovery costs.

In managing Credit Risk, the Manager shall adhere to the following principles:

(i) *Independence in assessment*: assessments must be independent and must not take into account potential isolated gains from the transaction;
(ii) *Risk mitigation mechanisms*: the credit risk management policy shall, whenever possible, aim to establish risk mitigation mechanisms;
(iii) *Monitoring through processes and tools*: specific processes will be established, and indicators and tools will be created to measure, monitor, and control credit risk inherent in its products;
(iv) *Continuity*: portfolio monitoring will be continuous; and
(v) *Compliance*: operations must comply with applicable laws and regulations in force in Brazil.

In general, the Manager's credit and counterparty analysis shall assess the following six elements:

(i) *Character*: factors such as the debtor's punctuality in meeting obligations and their experience in the relevant business sector;
(ii) *Capacity*: the efficiency of different business areas and their ability to generate returns;
(iii) *Capital*: financial ratios such as profitability, indebtedness, and liquidity;
(iv) *Collateral*: aspects related to the guarantees provided;
(v) *Conditions*: analysis regarding the existence of competitors in the debtor's business sector; and
(vi) *Conglomerate*: assessment of the economic group to which the debtor belongs.

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4.2 Methodology for Pre-Acquisition Credit Analysis

The review of the general analysis elements mentioned above is carried out, at a minimum, through the assessment of the following aspects:

- **(i)** Analysis of compliance with applicable laws and regulations;
- **(ii)** Due diligence regarding the issuance deed, type of collateral, issuer, and hired service providers, all in the case of securitized assets;
- **(iii)** Regarding the issuer, in the case of securitization: the history of past issuances, performance and any defaults that have occurred, potential alignment of interests with the debtor/assignor, compensation for services rendered, and the segregation of the securitizer's assets, where applicable;
- **(iv)** Regarding the debtor: its history in past issuances, if any, the current condition of the industry it operates in, stock performance (if listed), shareholder structure, connection to politically exposed persons (PEPs), business plans, audited financial statements, use of raised funds, and level of indebtedness;
- **(v)** Issuance volume;
- **(vi)** Duration term;
- **(vii)** External rating;
- **(viii)** Amortization and interest payment schedule;
- **(ix)** Penalty for early payment; and
- **(x)** Existence of guarantees, their form of constitution, coverage ratio, subordination levels, existence of appraisal reports, appraiser's reputation, report assumptions and frequency of reappraisal of the collateral, existence of covenants and enforcement in the event of breach, existence of a segregated credit receivables account and historical cash flow of receivables, as applicable.

The risk of each counterparty is monitored based on:

(a) direct exposure to credit risk (debt, deposits, credit instruments in general); and

(b) exposure through derivatives, whether by the posting of collateral in favor of the counterparty, or through the market risk of the associated position.

Once the compatibility of the credit under consideration with the investment policy of the vehicles and applicable regulations is verified, limits will be established for conducting credit-risk-exposed transactions, both at the individual level and aggregated by groups with common economic interests and, where applicable, by borrowers or counterparties with similar characteristics.

The credit limits assigned under the above paragraph shall have a predetermined validity period as established by the Risk Committee and may be subject to early review based on the behavior of the credit borrower, or other events that may impact the initial investment decision.

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For defining the limits, not only the normal conditions of the issuer and market should be considered but also stressed conditions based on probability scenarios and historical experiences, also taking into account the quality of guarantees, if any. Furthermore, the authorization of a specific transaction by the Risk and/or Compliance Director, Internal Controls, and AML/CFT should not be viewed as automatic authorization for subsequent transactions of the same issuer/borrower.

To mitigate credit risk in the investment vehicles, the following measures are adopted by the Manager:

Qualified Custody:

The investment vehicles are supported by qualified custodians, ensuring that all operations of listed equities on B3 S.A. – Brasil, Bolsa, Balcão are settled through a single clearing member. This allows the Manager to offset buy and sell transactions, settling only the difference between the operations, thereby mitigating credit risk. Additionally, the choice of the clearing member is made carefully, prioritizing major market participants with lower risk of insolvency.

Private Credit Assets

The investment vehicles must have limits for assets involving private credit risk, previously established in their respective regulations or contracts.

As mentioned earlier, when investing in assets subject to private credit risk, the Risk Director will assess and define a maximum exposure limit to that issuer.

For funds governed by CVM Resolution No. 175, the Manager should invest in private credit assets only from corporate issuers that have their financial statements audited annually by an independent auditor. In accordance with this item, private credit assets must be covered by:

(a) full insurance coverage; or
(b) a letter of guarantee or surety; or
(c) full co-obligation by a financial institution or insurers or companies whose financial statements are audited annually by an independent auditor authorized by the CVM. In this regard, the same credit risk analysis procedures described above should be followed concerning the insurer, guarantor, or surety of the transaction.

Before acquiring private credit assets, the Manager must obtain all necessary information for the credit analysis of the purchase and monitoring of the asset, including, if applicable, the relevant documents.

4.3 Reputational and Regulatory Risk Analysis

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The reputational risk analysis takes into consideration the entire structure of the Private Credit issuer. The analysis is conducted in two stages, where both the issuer and the individuals and legal entities connected to it by corporate or family ties are considered and analyzed by the Risk Department. Therefore, for the structural analysis, the following factors are considered, but are not limited to:

(i) Analysis of Judicial and Administrative Processes;
(ii) Mentions in Official Gazettes;
(iii) Relevant Facts Disclosed in the Market;
(iv) Payment History of Other Private Credit Issuances; and
(v) Clipping of Negative Media.

This information is collected in two ways: (a) through a third-party system that collects public data from CNPJ (Brazilian business registration) and CPF (individual taxpayer identification number) and generates a risk metric report; and (b) individual analysis by the Risk Department using public sources, gathering relevant corporate documents and verifying the information contained in the report mentioned above.

The person responsible for the structural analysis must produce a "Private Credit Issuer Structure Analysis Report" ("Report"). This report must have the following structure for each of the involved parties:

(i) **Financial Information**: The result of analyzing the payment history of other private credit issuances, any legal convictions, companies that the partners have ties with, and other points considered relevant in the analysis;
(ii) **Judicial and/or Administrative Processes**: Details of relevant legal processes at the municipal, state, district, and federal levels, among others; (iii) **Negative Media**: Details of all negative media involving, directly or indirectly, the individuals analyzed;
(iii) **Other Observations**: Information deemed relevant by the analyst but not fitting in the previous categories, such as the analyzed individual's professional background, positions held, etc.; and
(iv) **Points of Attention**: Any points the analyst considers that alter the risk level of the asset.

The Report must be discussed in the Risk Committee, which will evaluate all points, decide on the approval or disapproval of the issuer for investment, and define the Risk Scale (low, medium, high, very high), which will determine the frequency of monitoring of this Private Credit asset.

The Risk Scale will be defined as follows:

(i) Risk Grade defined through the report from the third-party system; and
(ii) **Risk Grade defined in the Risk Committee meeting;**
(iii) The arithmetic mean of the scores will define the issuer's Risk Grade.

Additionally, the Manager must use a combination of quantitative and qualitative analyses. Thus, the use of statistical calculations based on the debtor's financial ratios must be accompanied by an analysis of aspects such as the issuer's reputation in the market, the existence of financial delinquencies and protests, possible tax delinquencies and fines, and other relevant indicators.

When applicable, credit contracts should include restrictive covenants such as the debtor's leverage ratio, interest coverage ratio, existence of protests and negative credit records above a certain threshold, occurrence of changes in the corporate structure, and a minimum level of guarantees.

Finally, given the significant legal matters involved in credit transactions, the Manager should always assess the need for engaging third parties to verify the contracts formalizing the credits. In complex cases or when it is perceived that there may be a lack of expertise in-house, legal analysis can be conducted by a specialized law firm in the sector.

4.4 Monitoring

For managing credit risk, the Manager adopts the following practices, as outlined in Circular Letter No. 6/2014/CVM/SIN and the ART Code:

(i) Take into consideration the expected cash flows, redemption payment terms, and periods during which redemptions may be requested, and maintain sufficient cash for a defined period based on the characteristics of investors and the investments in the investment vehicles' portfolio;
(ii) Consider, for managing liquidity of private credit assets, the possibility of asset liquidation in the secondary market;
(iii) Establish, if necessary, a minimum conversion rate of the portfolio into cash or an immediate liquidity percentage of credit transactions, to be defined by the Risk Director; and
(iv) Continuously monitor the specific risks of the credit transaction, its quality, and the issuer's repayment capacity, as described below.

Monitoring of issuers will be constant. The frequency of reviews will be proportional to the credit quality (i.e., the worse the quality, the shorter the interval between re-assessments), according to the Risk Scale defined by the Risk Committee, as outlined below:

Risk Grade	Risk Scale	Monitoring Frequency
0 to 2	Low	18 months
2 to 3	Medium	12 months
3 to 4	High	6 months
4 to 5	Very High	3 months

It is important to highlight that monitoring will be performed exceptionally whenever there is an adverse event concerning the issuer or related individuals, as determined by the Risk Committee.

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The assessments referred to in the previous paragraph must be formalized and available to the fund's fiduciary administrator and to ANBIMA, whenever requested, within the timeframes established by applicable regulations. Additionally, during re-evaluations, the quality and execution capacity of the asset guarantees should be monitored, when relevant. For monitoring guarantees, the Manager should:

(i) Evaluate the possibility of executing the guarantees, defining specific criteria for this evaluation;

(ii) Consider the variability of the liquidation value, paying attention to the probable values in case of forced sale;

(iii) Define the overcollateral percentage based on a conservative forced liquidation value; (iv) Always, when applicable, avoid accepting assets as collateral whose execution might become unfeasible, such as assets essential to the continuity of the debtor's operations, family-owned assets, large rural properties in remote locations, and properties with significant social function; and

(iv) Verify the potential to favor assets that have an explicit secondary use (e.g., industrial land that can be converted to residential), taking into account the economic potential of the asset not only for the current user but also for other potential users.

When there is shared collateral: (a) ensure that the sharing is appropriate for the operation; and (b) verify if the part of the collateral allocated to the Manager is free and under what conditions it can be executed.

The practices related to the acquisition and monitoring of private credit assets can be applied in a simplified manner, provided that they involve issuers listed in organized markets and consider the complexity and liquidity of the asset, the quality of the issuer, and the representativeness of the asset in the investment portfolios.

The Manager's controls and processes must be capable of: (a) registering the different assets that can be traded by the investment vehicles, enabling the storage of characteristics of these assets, according to the analysis performed by the Risk Director; (b) issuing management reports for monitoring the acquired operations, as well as measuring, both at an individual level and at an aggregated level of operations with similar characteristics, the exposure to credit risk under normal conditions and in stressed scenarios; and (c) projecting non-standard cash flows, representing credit curves, and calculating the present value of the operations.

5. Market Risk Management

5.1 Definitions and Limits

Given the investment strategy and the clients' profile, market risk management (which includes risks related to exchange rate variations, interest rates, stock prices, commodities, among others) will be based on the following methodologies:

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5.2 Stress Test

The Stress Test is conducted alongside the daily monitoring of the liquidity of the funds, where abnormal and large amplitude variations are considered, which may cause losses that significantly affect the fund's profitability. These tests will be done with stress scenarios defined by the risk department.

Since the calculation of Value-at-Risk ("VaR") only captures variations in returns during normal periods, the Stress Test is an important tool to complement the risk management process, especially in situations of significant market fluctuations where historical volatility does not predict future fluctuations.

Limits: The Risk Committee will establish risk limits for the funds under management by the Manager, based on the characteristics of each one. These limits will be reviewed on a monthly basis and may only be lower than the Standard Limit with a formal justification recorded in the Risk Committee meeting minutes.

The Risk Committee will also establish standardized criteria for the control of Market Risk (standard limit). It is at the discretion of the Risk Committee to alter these limits whenever deemed necessary.

In cases of breaches of the limits set forth here, except in cases of breaches considered passive, the Risk Committee will address the event in an extraordinary meeting and analyze the need to create an action plan to bring the fund into compliance with the limits. The absence of the need to create an action plan for compliance may only occur with the approval of the Risk Director, with formal justification recorded in the minutes of the Risk Committee meeting.

The calculation and monitoring of these limits will be done through a third-party system, being that there is, as a backup, an automated internal system in case operational issues arise with the primary system.

The current stress limits for the funds managed by the Manager are described below: (i) Equity Investment Funds: 35% (thirty-five percent); Other Investment Funds: 25% (twenty-five percent).

5.3 Value-at-Risk

The aim is to quantify the risk of the portfolio, considering the momentary volatility of the market for each asset in the portfolio and the portfolio's diversification. The VaR limit ensures that the funds remain at a risk level compatible with their mandate and that potential losses can be absorbed in a short-term horizon, with limits always defined by the Risk Committee.

5.4 Other Metrics

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Without major drawbacks, the Manager may use other metrics, such as, but not limited to: Information Ratio, Sharpe Ratio, Beta, Alpha, Sortino Ratio, and Drawdown.

5.5 Concentration Limits

The concentration limits aim to limit portfolio risk, considering the concentration to which the investment fund is exposed.

The Risk Committee will establish the concentration limits for the funds under the Manager's management, based on the characteristics of each fund. These limits will be reviewed on a monthly basis and may only be lower than the Standard Limit with formal justification recorded in the minutes of the Risk Committee meeting.

The concentration limits are described below:

(i) Concentration Limit by Sector: 50% (fifty percent);
(ii) Concentration Limit in a Single Asset: 35% (thirty-five percent).

5.6 Management Methodology

All controls, rules, processes, and operational manuals will be evaluated through adherence tests, documented in the Internal Controls Report issued annually, in accordance with CVM Resolution 21/2021. This report will indicate whether all activities are in compliance, and in case of non-compliance, it will present the Manager's action plan to correct any inconsistencies and implement possible improvements.

6. Risk Scale Methodology for Investment Funds

6.1 Objective

This chapter aims to establish the methodology for classifying the Manager's investment funds according to a continuous risk scale, with a score from 1 (one) to 5 (five), where 1 (one) represents the lowest risk and 5 (five) represents the highest risk. The risk classification should appear in the Essential Information Sheet, as required by the applicable regulations.

For the development of this methodology, the following parameters were considered: (i) the ANBIMA Classification; (ii) the investment policy contained in the fund's regulations; and (iii) the Essential Information Sheet.

6.2 Methodology

6.2.1 ANBIMA Base

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Resolution 64 was developed by the ANBIMA Fund Regulation and Best Practices Council, with the goal of ensuring convergence between the methodologies of institutions, using the table with minimum scores to create the risk scale, as follows:

ANBIMA Investment Fund Classification Guidelines (ANBIMA Type)	Essential Information Sheet Risk Scale Guidelines (Minimum Score on the Risk Scale)
Simple Fixed Income	1
Indexed Fixed Income	1
Low Duration Fixed Income - Sovereign	1
Low Duration Fixed Income - Investment Grade	1
Low Duration Fixed Income - Credit Free	2
Medium Duration Fixed Income - Sovereign	1.5
Medium Duration Fixed Income - Investment Grade	1.5
Medium Duration Fixed Income - Credit Free	2.5
High Duration Fixed Income - Sovereign	2.5
High Duration Fixed Income - Investment Grade	2.5
High Duration Fixed Income - Credit Free	3
Free Duration Fixed Income - Sovereign	2
Free Duration Fixed Income - Investment Grade	2
Free Duration Fixed Income - Credit Free	3
Indexed Equities	4
Active Index Equities	4
Value/Growth Equities	4
Small Caps Equities	4
Dividend Equities	4
Sustainability/ Governance Equities	4
Sectoral Equities	4
Free Equities	4
Single Stock Funds	4
Balanced Multimarket Funds	2
Dynamic Multimarket Funds	2
Capital Protected Multimarket Funds	2
Long and Short Multimarket Funds - Neutral	2.5
Long and Short Multimarket Funds -	3

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ANBIMA Investment Fund Classification Guidelines (ANBIMA Type)	Essential Information Sheet Risk Scale Guidelines (Minimum Score on the Risk Scale)
Directional	
Macro Multimarket Funds	3
Trading Multimarket Funds	3.5
Free Multimarket Funds	3.5
Interest and Currency Multimarket Funds	2.5
Specific Strategy Multimarket Funds	3
Currency Funds	4

6.2.2. Parameters of Risk Factors

Based on the risk classification assigned to the fund as per the table above, risk premiums will be assigned according to the criteria deemed most relevant by the Manager. If the adjusted classification exceeds 5 (five), the maximum score on the scale will always be considered.

Credit
Private Credit Exposure Limit

Between % of AUM		Awarded Premium
0	25	0
25	50	0,25
50	75	0,50
75	100	1,00

Stock Market
Stock Market Exposure Limit

Between % of AUM		Awarded Premium
0	25	0
25	50	0,25
50	75	0,50
75	100	1,00

Liquidity
Limit of Exposure to Structured Products and Concentration by Issuer

Between % of AUM		Awarded Premium
0	10	0
10	20	0,25
20	40	0,50
Acima de 40		1,00

Exchange Rate
Exchange Rate Exposure Limit

Between % of AUM		Awarded Premium
0	25	0
25	50	0,25
50	75	0,50
75	100	1,00

Commodities
Exposure Limit in Futures Markets as Leverage

Between % of AUM	Awarded Premium

Interest Rate

Between % of AUM	Awarded Premium

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0	100	0
100	200	0,25
Acima de 200		1,00

If the fund has a duration considered high	0,50

6.2.3. Risk Rating and Classification

The score established on the risk scale is the same as the one used in the ANBIMA classification table, ranging from 1 (one) to 5 (five), with 1 representing the lowest risk and 5 representing the highest risk. Therefore, the funds are classified as follows:

Perfil	Score	
Conservative	0	1,75
Moderate	1,75	3,25

Perfil	Score	
Bold	3,25	4,75
Agressive	4,75	5

6.2.4. Monitoring of Funds

The Manager will conduct a semiannual reassessment of the risk rating of the funds, adjusting the regulations and the Essential Information Sheet as necessary to ensure compliance with the methodology outlined in this Policy.

7. Operational Risks

Operational risks include:

(i) Natural disasters, such as earthquakes, hurricanes, or wildfires, for example;

Mitigation: Cloud-based network and messaging environment with remote access for all employees;

(ii) Global health crises, such as the COVID-19 pandemic;

Mitigation: Cloud-based network and messaging environment with remote access for all employees;

(iii) Fraud, internal cybercrimes, negligence, etc.;

Mitigation: Protection ecosystem for each device, both in the office and remote work;

(iv) Violations of regulatory compliance, breach of contract, market manipulation, and unfair practices;

Mitigation: Trade logging and database in systems with usage logs and constant monitoring;

(v) Failure to adhere to company policies or, conversely, failure to enforce policies;

Mitigation: Requirement to register all events and operational errors in the Compliance system (Compliasset) to map potential internal process failures and mitigate the risk of recurring errors;

(vi) Human errors, such as data entry mistakes or missed deadlines;

Mitigation: Control via system for all operational demands and KPIs for monitoring;

(vii) Poorly designed or inefficient internal processes;

Mitigation: Mandatory use of systems for logging, quota calculation, and independent pricing for analysis of third-party information; implementation of performance monitoring

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methodologies and operational flow monitoring.

The associated dangers include:

(i) Interruption or failure of the entire company;
(ii) Loss of control over systems or data;
(iii) Financial loss;
(iv) Security risk;
(v) Reputation damage;
(vi) Infrastructure damage;
(vii) Client turnover;
(viii) Employee turnover.
(ix) Legal liability or regulatory fines for damages caused by employees intentionally or through negligence.

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