RISK MANAGEMENT POLICY

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Approved by: ___________________________

Flávia Andraus Troyano
Risk and Compliance Officer

RISK MANAGEMENT POLICY

1. Purpose

1.1. Pursuant to the terms of the Instruction issued by the Brazilian Securities and Exchange Commission ("CVM") No. 558/2015 ("CVM Instruction No. 558"), the purpose of this Risk Management Policy ("Policy") is to set out the procedures to monitor, measure and permanently adjust risks inherent to the securities portfolios managed by IG4 Capital Investimentos Ltda. ("Manager" or "IG4 Capital"). This Policy sets forth the rules and procedures applicable to the management of each risk and the relevant controls thereof.

1.2. This Policy is applicable together with Manager's Code of Ethics and Compliance ("Code of Ethics and Compliance") with respect to the matters addressed therein, specifically in what concerns the assessment of clients, counterparties, violation of rules and laws applicable to Manager and operating and reputational risks that may occur as a result of the noncompliance with rules and laws applicable to Manager, as well as of the conducts and procedures set out in the Code of Ethics and Compliance.

1.3. The Risk and Compliance Division monitors exposure to the risk factors inherent to investments made, by means of the semi-annual assessment of the daily information on funds under IG4 Capital's management, in order to ensure ongoing adjustment to the invest policies included in the funds' regulations, as well as in the applicable rules.

1.4. Despite the procedures set out herein, the clear and express risk exposure limits shall always be included in the documents of the investment funds IG4 Capital manages. Moreover, such documents shall also include a provision informing clients there are no guarantees against any loss of invested funds or the occurrence of negative equity, as applicable, that may occur with respect to investment funds IG4 Capital manages, whereby Manager is exempted form any liability for the relevant losses.

1.5. Manager shall maintain the updated version hereof at its website (www.ig4capital.com).

2. Responsibilities

The Risk and Compliance Officer, Flávia Andraus Troyano, is the officer in charge of risk management, pursuant to CVM Instruction No. 558, as well as the officer in charge of compliance with rules, policies, procedures and internal controls, and of CVM Instruction No. 558, whereby he is liable not only for the roles and duties set out herein, but also in the Code of Ethics and Compliance, which are supplementary hereto.

2.1.1. The Risk and Compliance Division is liable for risk management and compliance, pursuant to CVM Instruction No. 558, and includes the Risk and Compliance Officer, Flávia Andraus Troyano.

2.2. Below are the duties of the Risk and Compliance Officer, with respect to this Policy:

(i) to define the guidelines hereof, as well as the controls and procedures in the event of any nonperformance or inconsistency;

(ii) to verify compliance herewith;

(iii) to send a monthly risk exposure report on each securities portfolio IG4 Capital manages to Management;

(iv) to take measures to adjust the risk exposure of managed portfolios, according to the limits set forth herein and in the investment fund regulations;

(v) to perform annual tests to verify adherence to and effectiveness of the metrics and procedures provided for herein.

2.2.1. Without limiting the roles and duties exclusively attributed to the Risk and Compliance Officer pursuant to the terms of the applicable rules, hereof and of the Code of Ethics and Compliance, the Risk and Compliance Division must manage risks pursuant to the terms of the applicable rules, hereof and of the Code of Ethics and Compliance.

2.3. The Risk and Compliance Division must act constantly and preventively to alert, inform and request measures from the officer in charge of securities portfolio management, appointed according to Article 4, item III of CVM Instruction No. 558 ("Portfolio Management Officer"), in the event of any possible noncompliance with normative and internal limits.

2.4. The Risk and Compliance Division may engage third parties to monitor and measure risks inherent to the securities portfolios IG4 Capital manages.

2.5. Management and Risk and Compliance Division meetings shall take place on a semi-annual basis or extraordinarily whenever Management or the Risk and Compliance Officer deems necessary.

2.6. The Risk and Compliance Division decisions and all material decisions related hereto shall be formalized in minutes or by e-mail, to be filed at Manager's head office. A safety backup copy may be maintained in external files, in order to be available for audit purposes or for the regulatory agencies, for at least five (5) years.

2.7. The management and investment decision process also includes the control and monitoring of the market risk, considering the quantitative assessment of the assets performed by the portfolio management team, and is therefore a shared obligation of the Portfolio Management Officer and of the Risk and Compliance Division.

2.8. In addition to the clear and express risk exposure limits that must be included in the documents of the investment funds IG4 Capital manages, the risk limit of each portfolio IG4 Capital manages is secondarily described in Exhibit I hereto.

2.9. The Risk and Compliance Division is independent from the portfolio management team and it has the duty to act constantly and preventively to alert, inform and request measures from the portfolio management team in the event of any possible noncompliance with asset limits or other inconsistencies relative to any of Manager's internal rules, codes, policies and manuals, including, but not limited to this Policy, the Manager's Articles of Organization and the Code of Ethics and Compliance, as well as adherence to the applicable rules and investment fund regulations.

3. Market Risk

3.1. Manager monitors the market risk by means of internally developed reports used to back risk control. Market risk monitoring uses historical and statistical data to attempt to foresee economic behavior, and, consequently, the possible scenarios that eventually affect the managed assets. It is worth mentioning that except for extraordinary and temporary situations, managed investment funds shall not trade in the secondary market. Additionally, such funds shall invest in a limited number of companies and the group of investors shall be rather restricted and qualified. Such situation shall reflect in the implementation of the market risk management mechanisms described below.

3.2. The market risk limit informed by any investment fund is calculated and monitored by VaR and/or the Stress Test. The purpose of both methods is to determine whether the fund's risk is in line with the applicable investment policies. The Risk and Compliance Officer monitors such risk online, based on the integrated report in which positions are priced and measured.

3.3. Risk limits are calculated on a semi-annual basis, within the standards set out above, and are made available in a report assessed by the Risk and Compliance Division.

3.4. The respective trustees must also monitor the risk of the investment funds Investment funds ("Trustee"). As such, in addition to the other rules determined by the applicable rules (such as safekeeping the registered profile information of Manager's clients), the Trustee also monitors the risk of the portfolios (VaR, Duration and Stress Testing) and any noncompliance of the limits to the applicable rules in effect, and to the limits determined by the documents governing the funds (regulations/prospects).

3.5. Manager's methodology is based on the assessment of the scenarios (including a stress scenario) and is divided in two phases: quantitative and qualitative.

3.6. The quantitative phase is the calculation of the Stress Test according to the determined scenarios, whereby the drawdown potential to which each portfolio is exposed is determined, in the event of any strongly adverse market scenario. This phase also covers the assessment of the effects of material changes to the leading risk factors (foreign exchange, interest, inflation and GDP growth) on the invested companies, and, consequently, on the managed portfolios.

3.7. The qualitative phase consists in the assessment of more subjective criteria, such as the management quality of the invested companies, business quality and lines of business, in order to avoid risk determination based exclusively on absolute figures.

3.8. Considering the controls referred to in this item, Manager understands it becomes less susceptible to speculatory market conditions and more capable of duly determining the price of the assets.

(i) VaR – Value at Risk: The VaR method is largely used in the leading global financial centers. VaR provides for the representation of the market risk by a single monetary value, indicating the maximum expected loss with a certain level of trust and for a given investment horizon. The parametric-statistical and historical VaR (99%, 1 day) of the linear exposure of the fund or portfolio is performed, assuming the regular distribution of returns. Every instrument is mapped out as a function of the risk factors and as an idiosyncratic contribution. Contribution to risk is then determined by the sum (statistical sum, assuming zero correlation) between the risk of the factors and the idiosyncratic risk of the entire portfolio. Map-out of the risk factors is reviewed on a weekly basis, and, when necessary, the risk factors themselves are also reviewed. Risk factors consist in: interest rate risk, swap spreads, lower grade sovereign credit risk rating, high and low grade corporate credit risk rating, equity by geography and by industry, currencies, volatility and commodities per class (precious metals, rural, industrial and energy).

(ii) Stress Test: The purpose of the Stress Test is to determine the financial impacts arising out of market scenarios with higher variations in the prices and fees. Because the VaR calculation only captures the variations in return during regular periods, it is an important tool to complement the risk management process, especially in the event of substantial market oscillations in which historical volatility does not predict such future oscillation. Below are some of the methodologies used to apply the Stress Test:

- Historical Scenarios: stress test is performed using the rates and prices of past stress situations.

- Probability Scenarios: stress test is performed by applying shocks to the rates/prices of the assets, considering the probability factor the higher-than-usual confidence interval, and the relevant volatility thereof.

- Hypothetical Scenarios: application of hypothetical scenarios that may be defined by the Risk and Compliance Officer or by the Portfolio Management Officer.

4. Credit Risk

4.1. The credit risk is associated to the counterparty risk, which is the possible occurrence of losses associated to the counterparty's failure to perform its relevant obligations according to the agreed terms, to the credit devaluation arising from the deterioration of the counterparty's risk rating, to the reduction in gains or yields or to the costs incurred or benefits obtained from renegotiation or recovery.

4.2. The investment funds IG4 Capital manages have the specific strategy of investing in assets in distress, such as companies or assets related to companies in financial distress or general debt restructuring, in which credit risk is inherent to the risk-return rate of the investment. In such cases, the credit risk assessment described below takes in to account such investment policy, to be expressly included in said investment funds' regulations.

4.3. Each counterparty's risk is controlled by the direct exposure to credit risk (debt, deposits and credit instruments in general0; and by the exposure to derivatives trades, either by collateral given to the benefit of the counterparty, or by the market risk of the adjacent position calculated by the Statistical VaR.

4.4. Manager pursues the combination of quantitative and qualitative analyses in credit risk assessments. In certain cases, using statistical calculations based on financial indexes must be performed together with the duly documented assessment taking into consideration issues such as the issuer's reputation in the market, the existence of any pending finances and protests, any tax pendency and fines and other material indicators.

4.5. The credit risk analysis must cover at least the following items:

(i) with respect to the debtor, and, when applicable, to the guarantors thereof: a) economic-financial status (current status and perspectives/projections); b) level of indebtedness; c) result generation capacity; d) cash flow; e) management and control quality; f) timeliness and payment delays; g) contingencies; h) economic industry; i) credit limit; and

(ii) with respect to the transaction: a) nature and purpose of the transaction; b) as applicable, to the extent in which the collateral is material for decision-making purposes in relation to the credit risk, assessment of the specifications of the collateral to ensure enforceability thereof, including as to whether it meets the formal requirements for the establishment thereof and the applicable assessments relative to sufficiency and liquidity of the assets in the event of execution; c) price; d) term; e) analysis of variables such as yield, interest rate, duration, convexity and volatility, among others, that may be deemed material; f) global amount, maturities and delinquencies, in the event of purchase of parts of the trade.

4.6. With respect to the invested, debtor or issuing company, the agreements must include restrictive clauses, such as limitations on the level of leverage, maintenance of the interest coverage index, no protests or negative records above a certain level, before credit reporting agencies, restrictions to changes to the corporate structure and minimum ratio of the securities, in compliance with the reservations made in item 5.2 above.

4.7. The recommendations of CVM/SIN Official Letter No. 6/2014 apply as for the purchase of assets representing non-sovereign debts or liabilities (private credit), always in compliance with the factual specifications of the concrete case and with the reservation of item 5.2 above.

4.8. As for the purchase of private credit assets, the Risk and Compliance Officer must necessarily discuss and assess the risk exposure with the Portfolio Management Officer, and every credit risk allocation must be continuously monitored and managed, and included in the periodical reports of the Risk and Compliance Division, duly checked by the Portfolio Management Officer.

4.9. Additionally, Manager must perform the necessary diligences for the perfect and complete assignment of the assets purchased by the portfolios (true sale), including, for instance, with respect to receivables, the perfect and complete assignment in order to ensure full legal separation thereof from the risks of the source of such receivables.

4.10. Limits for the performance of trades subject to credit risk shall be determined considering the counterparty individually and the relevant business group, as well as similar counterparties and groups with common business interests.

4.11. Credit risk exposure is defined based not only on the issuer and market regular conditions, but also on stress conditions according to probability scenarios and to past experiences.

4.12. Manager implements the following measures, whose purpose is to mitigate the credit risk of the portfolios it manages:

(i) <u>private credit assets</u>: it is necessary to previously determine the limit of any asset involving private credit risk, for each portfolio, in the fund regulations, and a maximum exposure limit shall be determined for each counterparty; and

(ii) <u>qualified custody</u>: managed investment funds include the qualified custody service, so that all share trades listed in BM&FBovespa are liquidated with a single liquidation member, to set off the sale trades against the purchase trades and consequently the financial settlement only of the difference between the trades, thereby mitigating credit risk (liquidation members are diligently chosen, privileging leading market players with lower insolvency risk).

4.13. The Manager must ensure that it shall have full access to the information deemed necessary for the proper credit assessment before any trade is performed. On this matter, complex cases must include specific advisory services and the relevant report or opinion, as applicable, must be documented and submitted to the Risk and Compliance Division.

4.14. Without limiting the duty to perform any due diligence deemed necessary, the information provided by credit-rating agencies shall be used to determine credit risk, preferably as provided by Fitch Ratings, Moody's and Standard and Poors, it being certain that no investment decision shall exclusively be rating-based.

4.15. The validity of the established credit risk limits shall be predetermined and must be reviewed whenever any event that may affect the original investment decision made takes place.

4.16. The approval of a given trade by the Risk and Compliance Division shall not constitute automatic approval for subsequent trades of a given issuer/debtor.

5. Liquidity Risk

5.1. Liquidity is managed by the Risk and Compliance Division, based on the size of the positions, exposure limits per industry and certain risk groups, by means of internal spreadsheets, as well as information provided by the trustees of the investment funds, in compliance with the following items.

5.2. The part of the stake held in private equity funds, real estate investment funds and receivables investment funds that is not respectively allocated in interests, rights over properties and receivables may be invested in net assets, up to the limits authorized pursuant to the terms of the applicable laws.

5.3. Investment in cash or in net assets, such as government bonds, one-day matched trades (backed by government bonds) or investment fund shares exclusively invested in government bonds, shall take into account the specifications of the respective investment funds, in compliance with the fact that the investment funds IG4 Capital manages are closed investment funds for the purposes of investments in net assets.

5.4. Any investor that decides to dispose of stake held in investment funds organized as closely-held investments with determined maturity to redeem the shares must do so in the secondary market.

5.5. The liquidity risk of the managed portfolio may be increased in certain special situations of illiquidity, related to systemic factors or specific events of a given asset in a portfolio. In such events, the Risk and Compliance Division shall determine greater stake in the equity of assets with greater liquidity, to the extent authorized by the applicable rules, and shall dedicate special attention to the control and management of the liquidity of the relevant portfolio.

6. Concentration Risk

6.1. Though the strategy of certain investment funds specifically focuses on few assets in which the concentration limits described below may not exist, and the concentration-related risks and limits are set out in the respective regulations, Manager avoids excessive concentration in assets of a same issuer or issuers part of a same market, whereby: (i) the position in a given asset may not exceed thirty percent (20%) of the equity of each investment fund, considered its market value; and (ii) no sectoral allocation may exceed fifty percent (50%) of the equity of each investment fund.

7. Operating Risk

7.1. Operating risks are risks arising out of frailties in the processes and internal controls, which may result from the lack of internal regulation and/or documents on the policies and procedures, lack of consistency and adjustment of the information, processing and trading systems. Such frailties may cause mistakes in the performance of the activities and unexpected losses.

7.2. Operating risk is addressed by means of validation procedures for the different existing systems, such as: software programs, telephone and internet systems and others. The operating control activities developed consist in the control and data entry for each trade, parallel calculation of the shares of any managed funds, monitoring of the valuation of assets and liabilities part of the managed portfolios, monitoring of the financial settlement of the trades and control and maintenance of the individual positions of each investor.

7.3. Below are the main internal control measures to prevent the operating risk:

(i) The Risk and Compliance Division shall use electronic monitoring records and systems to check the conduct of Manager's employees;

(ii) any e-mails sent and telephone calls made by Manager's employees may be read, recorded, traced and heard, and the same terms apply to any information available in Manager's network, computers and in other devices;

(iii) employees are subject to the periodic monitoring of communications and files, performed on a random basis, in order to verify any noncompliance with the rules set out herein and in the Code of Ethics and Compliance;

(iv) daily reconciliation of the custodian's statements;

(v) daily backup of all of Manager's data and files are in an external data base server; and

(vi) remote access to information systems.

7.4. Manager has a business continuity plan so that, in the event of any contingency or disaster, it is possible to continue the operations with the lowest possible impact. Such plan includes the following procedures:

(i) list, immediately available from the Risk and Compliance Division, updated by such division on a quarterly basis, with the contact information (including home numbers, mobile numbers and personal e-mails) of Manager's entire team in order to locate the team and communicate with the team members;

(ii) Manager shall contact its clients, as may be necessary, as directed by the Risk and Compliance Officer, informing any alternative communication channels and service continuity methods;

(iii) contact information list of the service providers essential to Manager's business available with the Risk and Compliance Division, to be updated by such division on a quarterly basis;

(iv) Manager shall contact the service providers essential to Manager's business, as directed by the Risk and Compliance Division, informing any alternative communication channels and service continuity methods;

(v) the head of the Information Technology Division ("IT") shall prepare the backup and file recovery plan in order to ensure the due protection of Manager's data, including identification of data and critical documents, backup process and recovery in the event of contingency or disaster, and external storage of critical data; and

(vi) Manager shall have a backup with all its files to be recovered in the event of a contingency or disaster, including an external backup, in order to ensure business continuity.

7.5. The business continuity structure shall also include two servers with DFS to replicate the information and shadow copy, redundant internet link, two analogical voice lines for redundancy, four-hour no-break (one 10 Kva no-break with an external battery bank), and Manager shall also be serviced by its building generator (delay of up to 15 seconds for activation purposes.

7.6. The head of the IT Division shall test the recovery procedures at least every year, together with the Risk and Compliance Division, in order to determine whether the procedures are effective to maintain business continuity in the event of contingency or disaster, or whether there are failures in the procedures, as well as to improve procedures considering new technologies and business changes.

7.7. The Code of Ethics and Compliance also includes a set of conducts to mitigate operating risk, counterparty risks included.

8. Legal Risk

9.1. Legal risk results from the potential legal objection to contracts, lawsuits or adverse judgments or decisions, or whose ruling Manager did not expect, and which may result in losses or material changes that negatively affect Manger's operating procedures and/or organization.

9.2. Manager has a legal officer and has engaged specialized external counsel to mitigate legal risks.

9.3. The Code of Ethics and Compliance also sets forth several other conducts to mitigate legal risks.

9. Reputation Risk

9.1. The Code of Ethics and Compliance sets forth several conducts to mitigate reputation risks.

10. Systemic Risk

10.1. Risk resulting from the financial difficulties of one or more institutions, and which causes material losses to other institutions, or rupture in the regular operating conduct of the financial system in general.

10.2. Manager choses its partners among sound financial institutions, less susceptible to ruptures, in order to mitigate the systemic risk, and also monitors the market in order to assess changes to partners' soundness.

11. Adherence Test and Annual Report

11.1. The Risk and Compliance Officer must perform the adherence/efficiency tests of the metrics and procedures provided for herein at least once yearly, whose results shall be the subject matter of the annual compliance report for which the Risk and Compliance Officer is liable, as the Compliance Officer.

11.2. This Policy shall be reviewed at least annually, taking into consideration (i) any regulatory changes; (ii) changes to the best practices used in the market; (iii) any deficiencies found, among others, in order to ensure the appropriate and permanent monitoring, measurement and adjustment of the risks inherent to each of the portfolios managed and the improvement of internal processes and controls.

11.3. As the Compliance Officer, the Risk and Compliance Officer, shall be liable for sending the report relative to the calendar year immediately prior to the delivery date to IG4 Capital's management, up to the last business day of the month of January of each year, containing, with respect to the rules, procedures and internal controls: (a) the conclusions of the tests performed; (b) the recommendations on any deficiencies, including the establishment of remediation schedules, as the case may be; and (c) the statement of the officer liable for the management of the securities portfolios, or as, the case may be, by the Risk and Compliance Officer, with respect to the deficiencies found in prior verifications and the planned measures, according to the specific schedule, or which were effectively implemented to remedy such deficiencies, and such report shall remain available to CVM at Manager's head offices.

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EXHIBIT I TO THE RISK MANAGEMENT POLICY
Risk Limits

In what concerns the risk limit of the investment funds and the managed portfolios, Manager pursues the maintenance of the expected annualized volatility under thirty percent (30%) based on historical data in different periods, though with a standard of one (1) year.

Despite Manager’s use of the procedure described in the Risk Management Policy, there is no guarantee that the aforementioned limit shall not be exceeded.