

Firm Brochure: Part 2A of Form ADV

Squadra Investments – Gestão de Recursos Ltda.
Av Borges de Medeiros 633/704 – Leblon
Rio de Janeiro – RJ – 22430-041 – Brazil
squadra@squadrainvest.com

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This brochure provides information about the qualifications and business practices of Squadra Investments – Gestão de Recursos Ltda. If you have any questions about the contents of this brochure, please contact us at squadra@squadrainvest.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Squadra Investments – Gestão de Recursos Ltda. also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Change

Since the last annual update on February 17, 2012, “Advisory Business” has been updated to disclose updated assets under management.

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Advisory Business

A. Description

Squadra Investments – Gestão de Recursos Ltda. (“Squadra Investments”) is a Brazilian investment management firm registered with the *Comissão de Valores Mobiliários* - CVM (Securities and Exchange Commission of Brazil). Squadra Investments manages private funds and segregated managed accounts. The company was founded in December 2007 and the private funds were launched in May 2008. The principal owners are Guilherme Mexias Aché and Luiz Mauricio de Miranda e Silva. Squadra Investments’ partners have vast experience in the equity investment business in the Brazilian market. We are bottom-up, long-term investors, who embrace the idea of capital preservation and acknowledge the power of compounding returns over the long run.

Our main investment objective is to deliver long-term, risk-adjusted returns above the opportunity cost in Brazil to our investors. Our flagship fund has an equity long-biased absolute return strategy, which is the ideal investment concept to us. This belief is based on our view that it maximizes the investment committee potential which has a long standing experience (with solid track record in diverse market environments) in managing both long/short and long only equity portfolios in Brazil.

Currently, Squadra Investments manages two strategies: long-biased and long-only (see further disclosure under the heading “Methods of Analysis, Investment Strategies and Risk of Loss”).

B. Type of services

Squadra Investments provides discretionary services to private funds and segregated managed accounts.

C. Tailoring

Squadra Investments has discretionary power on the portfolios under management, subject to the restrictions of the offering memoranda and investment guidelines set forth within the investment management agreement. Such investment guidelines will also set forth any investment restrictions of the fund or account.

D. Wrap Fee

Squadra Investments currently does not participate in wrap fee programs.

E. AUM

As of December 31, 2012, Squadra Investments managed approximately USD 935,650,000 on a discretionary basis.

Fees and Compensation

A. Compensation

Squadra Investments typically receives compensation from fees based on a percentage of assets under management and based upon the performance of the account or private fund. The private funds under management are available only to eligible Investors who are “accredited investors” as defined in Regulation D under the Securities Act of 1933, as amended (the “Securities Act”), and “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Squadra Investments provides investment advisory services to each of the private funds pursuant to separate investment management agreements which, along with specific organizational documents of the Fund, set forth in detail the fee structure relevant to each such private fund. The terms of the fee arrangements are generally established at the time of the formation of the applicable private fund. Investors and prospective investors in the funds should refer to the offering documents for a detailed description of the fee schedules. Fee arrangements for the management of separately managed accounts are negotiated with each client and usually are 1.5% of the net asset value of the account. Fees are negotiable at the time the account is established.

This brochure is only available for qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act.

B. Fee deduction

Squadra Investments deducts management and performance fees from the assets in the private funds, and bills the managed account clients separately. The management fee is payable on monthly basis for the private funds and on a quarterly basis for the managed accounts. The performance fee, if applicable, is payable on annual basis.

C. Type of fees and expenses

The funds and managed accounts bear all expenses related to the investment program, including, but not limited to, brokerage commissions, expenses related to buying and selling securities, the management fee and, if applicable, the performance fee; fees and expenses of any custodians, interest and other borrowing expenses; legal, administrative, accounting, tax and audit expenses; expenses of preparing and distributing reports, financial statements and notices to Limited Partners/shareholders and the cost of periodically updating the Memorandum and the relevant Supplements, to the extent applicable. All brokerage rebates, if any, will be credited to the funds. No salaries, overhead and travel expenses will be charged to the funds or managed accounts.

Please see more brokerage information on item 12.

D. Prepayment of fees

All fees are payable in arrears.

E. Sale of securities

Squadra Investments does not charge or accept compensation in connection with the sale of securities or other investment products.

Performance-Based Fees and Side-By-Side Management

Squadra Investments receives from all clients a management fee and in some cases in addition a performance-based fee.

We may have a financial incentive to favor accounts with performance-based fees because we may have an opportunity to earn greater fees on such accounts as compared to client accounts without performance-based fees. Thus, we have an incentive to direct our best investment ideas to client accounts that pay performance-based fees, and to allocate, aggregate or sequence trades in favor of such accounts. We also have an incentive to give accounts with performance-based fees better execution and better brokerage commissions. In addition, performance fee arrangements may create an incentive for Squadra Investments to make investments that are riskier or more speculative.

Type of Clients

Squadra Investments provides investment advice to private funds and managed accounts.

The private funds under management are available to non-US and US investors. Only US investors who are “accredited investors” as defined in Regulation D under the Securities Act, and “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act, may invest. The minimum investment amount in the private funds is USD 100,000.

Terms of separately managed accounts are established on a case-by-case basis. Usually, the minimum initial investment for a managed account is USD 50 million. Such clients may be endowments, sovereign funds, funds of funds or family office/high net worth individuals.

Methods of Analysis, Investment Strategies and Risk of Loss

We are bottom-up, long-term investors, who embrace the idea of capital preservation and acknowledge the power of compounding returns over the long run.

Our investment philosophy can be summarized as follows:

- We intend to invest in companies that offer risk adjusted returns above the long term opportunity cost in Brazil.
- We intend to avoid indexation bias.
- We intend to invest in companies which market prices are considerably different from intrinsic value (margin of safety concept).
- We have strict sell discipline and willingness to hold cash when investment opportunities are scarce.
- We tend to avoid excessive industry and company concentration as well as investments with similar risk factors

Investments strategies

Usually the net and gross exposure will be a direct function of attractive bottom-up investment ideas. Nevertheless, we can consider macro environment when making investment decision, position sizing and defining the funds net and gross exposures.

Long-Biased

Squadra Investments' long-biased strategy is an equity strategy focused on Brazilian companies that seeks risk adjusted returns above the long term opportunity cost in Brazil. Gross exposure is limited to 160% of the net asset value, while long exposure usually varies from 35% to 130% of the net asset value and net exposure from 35% to 100% of the net asset value.

Long-Only

The long-only strategy will essentially replicate the long portfolio of the long-biased strategy, subject to its restrictions (for example, exposure and liquidity limits).

Investors and prospective investors in the funds should refer to the offering documents for a detailed description of the respective investment strategies.

Risk Factors

Investing in securities involves the risk of loss of that clients should be prepared to bear. Squadra Investments believes that the most important way to control risk is by purchasing stocks at a substantial discount to their intrinsic value and/or by selling short stocks substantially above their intrinsic value. Risk of loss will be critical in stock selection. We will constantly address specific risks by supplementing our long-term investment thesis with constant information and further testing.

Although Squadra Investments will attempt to manage those risks through careful research, ongoing monitoring of investments and appropriate hedging techniques, there can be no assurance that the securities and other instruments purchased will in fact increase in value or that will not incur significant or complete losses. More detailed information on risks relating to investments in our products is included in the offering memoranda or investment management agreements.

Market Risks and Liquidity

The profitability depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that Squadra Investments will be able to predict accurately these price movements. Although Squadra Investments may attempt to mitigate market risk through the use of long and short positions or other methods, in certain strategies, there is always some, and occasionally a significant, degree of market risk.

Furthermore, the investments may be adversely affected by a decrease in market liquidity for the instruments in which Squadra Investments invests, which may impair the ability to adjust positions.

Hedging

Although Squadra Investments will attempt to hedge its exposure to some specific risks, in certain strategies, it will not always be possible to fully hedge risks relating to certain positions and strategies. There can be no assurance that such hedging transactions will be effective.

Leverage, borrowing and short exposure

Certain strategies may seek to maximize their investment positions by borrowing funds or engaging in short selling of securities. As a result, the possibilities of profit and loss are increased. Short sales theoretically involve unlimited loss potential, as the market price of securities sold short may increase continuously.

Derivative instruments

Squadra Investments may use various derivative instruments, including futures, options, forward contracts, swaps and other derivatives which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses.

Prime broker and custodian insolvency

Investments are at risk of the prime broker entering into an insolvency procedure. During such a procedure (which may last many years) the use of assets held by or on behalf of the prime broker and custodian may be restricted and accordingly (a) the ability of Squadra Investments to fulfill the investment objective may be severely constrained, (b) funds may be required to suspend the calculation of the net asset value and as a result subscriptions for and redemptions of Shares, and/or (c) the net asset value may be otherwise affected. During such a procedure, funds are likely to be an unsecured creditor in relation to certain assets and consequently may be unable to recover such assets from the insolvent estate of the prime broker and custodian in full, or at all.

Counterparty and settlement risk

In the event that any counterparty fails to complete its obligations for any reason, investments may suffer losses. Investments will therefore be exposed to a credit risk on the counterparties with which it trades. The client will also bear the risk of settlement default by clearing houses and exchanges.

Risks of global investing

Investments are subject to risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the base currency and the various other currencies, and costs associated with conversion of investment principal and income from one currency into another, and (ii) the possible imposition of withholding taxes on income received from the issuer of, or gains with respect to, such securities. In addition, investing in certain of these capital markets involves certain factors not typically associated with investing in established securities markets, including risks relating to (a) differences between markets, including potential price volatility in and relative illiquidity of some securities markets, (b) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and less governmental supervision and regulation and (c) certain economic and political risks, including potential exchange control regulations and potential restrictions on investment and repatriation of capital.

Investing in Brazil – general economic and market conditions

It is anticipated that a significant part of the investments will be comprised of securities of Brazilian companies.

The success of investment activities will be affected by general economic and market conditions in Brazil, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the fund's assets. Volatility or illiquidity could impair profitability or result in losses.

The Brazilian economy may differ favorably or unfavorably from the U.S. or other developed economies in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, the Brazilian economy is heavily dependent upon international trade and, accordingly, has been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which it trades. The country also has been and may continue to be adversely affected by

economic conditions in the countries with which it trades and is subject to high levels of debt or may be subject to higher inflation.

There is the possibility of nationalization, expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets, political changes, government regulation, social instability or diplomatic developments, any of which could affect adversely the Brazilian economy or the value of investments, or both.

Brazilian markets are more likely than developed markets to experience periods of extreme volatility. Such volatility could result in substantial losses.

Brazilian companies are generally subject to less stringent and less uniform accounting, auditing and financial reporting standards, practices and disclosure requirements than those applicable to companies in developed countries. Consequently, there is generally less publicly available information about Brazilian companies than about companies in developed countries. Furthermore, the quality and reliability of official data published by the government or securities exchanges in Brazil may not accurately reflect the statistics being reported.

Prior governmental approval for foreign investments may be required under certain circumstances and registration of investments with the Central Bank of Brazil is mandatory.

Repatriation of investment income, assets and the proceeds of sales by foreign investors is subject to governmental control. Investments could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes on interest paid on securities or gains from the disposition of such securities.

Many of the laws that govern private and foreign investment, securities transactions and other contractual relationships are new and largely untested. As a result, investments may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on investments. In addition, the income and gains may be subject to withholding taxes for which client may not receive a foreign tax credit.

Currency risks

Although Squadra Investments may, in its discretion, hedge the investments against the U.S. Dollar, Squadra Investments does not plan to do so on a regular basis.

Performance fee calculation

The performance fee is charged on over performance in Brazilian Real terms. Investors should note that due to exchange rate fluctuations between the Real and the US Dollar it is possible that a performance fee will be payable even though it has no gains in US Dollar terms.

Disciplinary Information

Squadra Investments does not believe that there have been any legal or disciplinary events that are material to our advisory business or the integrity of our management. The Firm has no disciplinary event to disclose with respect to its activities, except for an order against one of its principals of an administrative warning by the *Comissão de Valores Mobiliários* - CVM (Securities and Exchange Commission of Brazil). For further details, please see the related Regulatory Action Disclosure Reporting Page to Form ADV Part 1A.

Other Financial Industry Activities and Affiliations

Broker-dealer registration

Neither Squadra Investments, nor Squadra Investment's management persons are registered with the SEC as a broker-dealer or registered representatives of a broker-dealer.

Commodity pool registration

Squadra Investments is not registered with the Commodity Futures Trading Commission as a futures commission merchant, a commodity pool operator or a commodity trading advisor. Squadra Investments has made exemption filings on behalf of certain funds with the CFTC.

Affiliated investment adviser

Squadra Investimentos – Gestão de Recursos Ltda. ("Squadra Investimentos") is an affiliated Brazilian investment management firm registered with the *Comissão de Valores Mobiliários* - CVM (Securities and Exchange Commission of Brazil). Squadra Investimentos manages private funds for Brazilian investors. The company was founded in December 2007 and the private funds were launched in March 2008. The principal owners are Guilherme Mexias Aché and Luiz Mauricio de Miranda e Silva.

Squadra Investments and Squadra Investimentos shares personal and facilities and follow substantially the same investment strategy.

Conflict of interest in relationship

Squadra Investments Ltd. is the general partner (the "General Partner") of one fund advised by Squadra Investments as its investment manager. Certain principals of Squadra Investments are principals of the General Partner which earns performance-based fees. For a potential conflict of interest arising out of this relationship, see disclosure under the heading "Performance-Based Fees."

Certain potential conflicts arise from the General Partner having under certain circumstances the rights to amend the fund documents of the advised fund. However, the consent of each affected investor in the advised fund is required for certain material amendments of the fund documents. Investors and prospective investors in the fund should refer to the offering documents for further details.

The fund has been established and promoted by the General Partner and Squadra Investments and, accordingly, the selection of Squadra Investments and the terms of its appointment and fees are not the result of arms-length negotiations. However, the General Partner believes that the fees, commissions and compensation payable to Squadra Investments are consistent with normal market rates for investment funds of a similar type to the fund. Also, see for more information disclosure under the heading "Fees and Compensation". The General Partner will seek to ensure that any conflict of interest is resolved fairly and in the interests of the advised fund and its investors.

Recommendation of other investment advisers

Squadra Investments does not recommend or select other investment advisers for its clients. Squadra Investments does not receive compensation directly or indirectly from investment advisers.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Squadra Investments' compliance manual, applicable to every partner and employee, sets forth the main values, directions, principles and regulations applicable to Squadra Investments and its employees while developing their respective activities.

Employees are required to comply with the code of ethics (the "Code") adopted by Squadra Investments and to internally report violations of the Code.

Clients and prospective clients may obtain a copy of the Code of Ethics by email at squadra@squadrainvest.com.

Ethics

Squadra Investments' employees must comply with Squadra Investments' policies and procedures with respect to conflicts between their personal interests and the interests of Squadra Investments, while dealing with suppliers, clients, contractors and whatever individual or legal entity developing businesses with Squadra Investments.

Confidentiality

Squadra Investments' employees are subject to its policies and procedures regarding confidential or proprietary information.

Insider information

Squadra Investments has adopted insider-trading policies and procedures to prevent the misuse of material, non-public information.

Personal trading

Every employee has to report any security he has when joining Squadra Investments and subsequently on a quarterly basis. Before every sale, each employee has to get a pre approval for the sale from Squadra Investments' compliance committee. The compliance committee evaluates any potential conflict at that time and authorizes a sale for that day only if there is no conflict with any of Squadra Investments' transactions. Our policies and procedures do not permit that any employee sells securities to advisory clients.

Squadra Investments' partners and employees cannot directly buy equity related securities. They invest in the same strategy as the clients. The majority of their investments are in a Brazilian fund with a long-biased strategy.

Investments in other strategies or vehicles

Squadra Investments' partners and employees, for tax and other reasons, mainly invest in funds managed by an affiliated investment adviser which have the same strategies as our clients. A conflict of interest may arise in the allocation of orders among these funds with similar strategies.

Investments in same securities

Despite policies and procedures that do not permit our employees to directly buy equity related securities, new employees may own the same securities that Squadra Investments may have in its portfolios. In such cases, Squadra Investments will take measures to address conflicts of interest that may arise from such holdings.

How to mitigate conflict of interest

We allocate orders on a pro rata basis, using daily average price, among funds based on their net asset value, current position size, and target position size, in order to mitigate potential conflict risks. We try not to favor over time any strategy/vehicle advised by us or our affiliated investment adviser.

Please see general partner conflicts under the heading "Other Financial Industry Activities and Affiliations" above.

Brokerage Practices

Squadra Investments does not recommend broker-dealers for client transactions. Squadra Investments selects brokers based in several aspects, including best execution, price, trading expertise, access to a particular markets, reliability, reputation, availability of securities to borrow or short sales, and the quality of research and research services provided.

Squadra Investments may have an incentive to select a broker-dealer based on our interest in receiving the research and services, rather than on our clients' interest in receiving most favorable execution. Any research received may be used for the benefit of all clients and not exclusively the client that paid for the benefits. When Squadra Investments uses client brokerage commissions to obtain research or other services, Squadra Investments receives a benefit because it does not have to produce or pay for the research or services.

The types of research and services received during the last fiscal year include reports or other information about particular companies or industries, economic analyses, recommendations of specific securities and financial publications, meetings, conferences and events organized.

Squadra Investments does not have any formal soft dollar arrangements. However, if it decides to establish any soft dollar relationship, all soft dollar arrangements will be compliant with Section 28(e) of the Securities and Exchange Act of 1934, as amended.

Squadra Investments may participate in capital introduction events or receive client referrals. However, Squadra Investments does not compensate brokers for organizing such programs or making such introductions or for any investments ultimately made by such prospective investors.

Commissions paid to each broker are monitored on a monthly basis.

Aggregating of orders

Squadra Investments may aggregate and allocate orders among clients according to our trading policy. We allocate orders on a pro rata basis, using daily average price, among funds based on their net asset value, current position size, target position size, automatically, in order to mitigate potential conflict risks. We try not to favor any strategy/vehicle.

Squadra Investments does not aggregate orders if portfolio management decisions for different accounts are made separately or Squadra Investments determines that aggregating is not feasible.

Trade errors

Trading and system errors will be borne by the client unless they are caused by fraud, willful neglect or gross negligence. Squadra Investments tries to avoid trade errors and resolves trading errors as soon after discovery as reasonably as practicable in a manner it determines is in the best interest of its clients.

Review of Accounts

Client portfolios are reviewed on a continuous basis by the investment committee. These reviews are designed to monitor and analyze the positions, exposure, concentration, specific risks and mandates of each account. Particular attention is given to changes in company fundamentals, industry outlook, market outlook, and price levels. Generally, these reviews are performed by the investment committee on a weekly basis. Extraordinary meetings may occur depending on changes in market conditions and companies' fundamentals.

The back office team reconciles positions on a daily basis and checks mandate guidelines and legal restrictions.

The funds' shareholders receive monthly unaudited reports including portfolio exposure, concentration, liquidity profile and historical returns. Audited financial statements will be sent annually.

Managed accounts receive monthly reports with performance and position reconciliation. Squadra Investments reconciles information with the custodian before each client receives a final report.

Client Referrals and Other Compensation

No person who is not a client of Squadra Investments provides an economic benefit to Squadra Investments for providing investment advice or other advisory services to Squadra Investment's clients.

Squadra Investments does not compensate any person for client referrals.

Custody

For purposes of the custody rule under the Advisors Act (“Custody Rule”), we are deemed to have “custody” of certain client assets when we have the ability to deduct fees from client accounts or we serve as general partner of advised private funds.

Squadra Investments will provide to investors in the US feeder fund of its private funds annual audited financial statements prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board and comply with all other requirements of the Custody Rule.

Investment Discretion

Squadra Investments has discretionary authority to manage the portfolios of the clients pursuant to investment management agreements, subject to investment guidelines and restrictions defined in each client's offering documents or agreements.

Voting Client Securities

Squadra Investments has authority to vote proxies for securities held by funds under management. Squadra Investments shall take into account the best interests of its clients, as well as any potential conflicts of interest. Where Squadra Investments identifies a potential conflict of interest associated with a proxy or other corporate action, the conflict will be disclosed to the client and guidance solicited on how the client wishes to vote. Portfolio managers together with analysts will decide how to vote on a case-by-case basis. Squadra Investments will not vote if the agenda is not relevant or if cost of voting exceeds the expected benefit to the client. Clients may obtain a copy of procedures and information about votes at squadra@squadrainvest.com.

As set forth within the investment management agreement, a managed account client may permit Squadra Investments authority to accept or reject corporate actions, which may or may not permit Squadra Investments to represent the client within any applicable proxy meeting. Some managed accounts' clients do not authorize Squadra Investments to vote in their name unless notified in writing. They will receive their proxies directly from their custodian.

Financial Information

Squadra Investments does not require prepayment of any fees, has no financial commitment that impairs its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition.