

Santander Brasil Asset Management Distribuidora de Títulos e Valores Mobiliários S.A.

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This brochure provides information about the qualifications and business practices of Santander Brasil Asset Management Distribuidora de Títulos e Valores Mobiliários S.A. (the "Firm"). If you have any questions about the contents of this brochure, please contact Luciane Ribeiro, Chief Executive Officer, at +55 11 3553-2986 or or luciane.ribeiro@santanderam.com, or Alessandra Dias de Oliveira, Chief Compliance Officer, at +55 11 3553-3433 or alessandra.oliveira@santanderam.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about the Firm also is available on the SEC's website at <http://www.adviserinfo.sec.gov> or on the Firm's website at <http://www.santanderasset.com.br>.

The Firm being a registered investment adviser does not imply a certain level of skill or training.

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Advisory Business

A. *Background Information on the Firm*

The Firm is an investment adviser that provides investment advice to Brazilian funds and certain offshore funds and other clients. The Firm may provide any type of investment advisory services to any type of client from time to time. The Firm primarily provides services under the name of Santander Brasil Asset Management.

The Firm was incorporated in 1968, under the name of “Bandepe Distribuidora de Títulos e Valores Mobiliários S.A.”. At that time, the Firm’s sole activity was distribution of securities. In 1998, Banco ABN AMRO Real S.A. (“Banco Real”) acquired control of both Banco de Pernambuco S.A. and the Firm from the government of the Brazilian State of Pernambuco.

On November 8, 2004, the Firm changed its corporate name to ABN AMRO Asset Management Distribuidora de Títulos e Valores Mobiliários S.A. On July 29, 2005, the Firm merged with ABN AMRO Asset Management S.A. and began performing the current activities.

On November 1, 2007, RFS Holdings B.V., a consortium comprised of Banco Santander, S.A. (“Santander Spain”), The Royal Bank of Scotland Group PLC and Fortis SA/NV and Fortis N.V. (collectively “Fortis”), acquired 96.95% of the shares of ABN AMRO Holding N.V. (and together with ABN AMRO Bank N.V. “ABN AMRO”), which was the controlling shareholder of Banco Real and the Firm.

In the first quarter of 2008, Fortis and Santander Spain reached an agreement whereby Santander Spain acquired the rights to the Brazilian asset management activities of ABN AMRO provided by the Firm, which Fortis originally had acquired as part of the consortium’s purchase of ABN AMRO. On July 24, 2008, Santander Spain acquired indirect control of Banco Real, the Firm, and all other companies in Brazil under Banco Real’s control.

The Firm thus became directly controlled by Banco Santander (Brasil) S.A., a public company listed on the Brazilian stock exchange, indirectly owned by Santander Spain (“Santander Brazil”), with a minority stake held by Santander Leasing S.A. Arrendamento Mercantil, a wholly owned subsidiary of Santander Brazil (“Santander Leasing”). As part of Santander Group, the Firm changed its corporate name on January 16, 2009 to Santander Brasil Asset Management Distribuidora de Títulos e Valores Mobiliários S.A., and on November 30, 2009 an affiliate named Santander Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda. was merged with the Firm.

On December 17, 2013, Santander Brazil closed the sale of its asset management business, with the disposal by Santander Brazil and Santander Leasing of all shares issued by the Firm to SAM Brasil Participações S.A., a Brazilian holding company controlled by Santander Spain, with a minority stake held by two of the world’s leading private equity companies, Warburg Pincus LLC (“WP”) and General Atlantic (“GA”). Within the scope of this transaction the asset management activity then performed by the Firm was segregated from third-party fund allocation activity into a new Brazilian asset manager created for that purposes, Santander Brasil Gestão de Recursos Ltda., which is wholly owned by SAM Investment Holdings Limited, a holding company 50% held by Santander Spain and 50% held by Sherbrooke Acquisition Corp SPC, a segregated portfolio company incorporated in the Cayman Islands, controlled jointly by WP and GA. Such transaction falls within the context of a partnership abroad between

Santander Spain, WP and GA, with the purpose of forming a joint-venture to operate Santander Spain's third party fund management unit.

B. *Services Offered by the Firm and its Brazilian Affiliate*

The Firm and its Brazilian affiliate, SANTANDER BRASIL GESTÃO DE RECURSOS LTDA. ("Brazilian Affiliate"), provide asset management services primarily, but not exclusively, for its Brazilian clients. The Firm and its Brazilian Affiliate provide a broad set of investment advisory services that cover (in order of importance) investment capabilities for money market, short- and long-term fixed income, equities, multi-strategy, structured funds (i.e., local currency capital protected strategies), fund of funds, quantitative funds and private equity funds. The Firm is a licensed distributor of third-party investment funds. When acting as such a distributor, the Firm receives compensation from the third-party funds or their management organizations. This presents a conflict of interest for the Firm when recommending that clients of the Firm and/or its Brazilian Affiliate invest in such third-party funds. To manage those conflicts, the Firm and its Brazilian Affiliate established a separate fund of funds unit, which operates in an independent environment (i.e., isolated premises, independent processes, procedures and personnel, etc.).

The Firm and its Brazilian Affiliate offer investment advisory and sub-advisory services both on a discretionary and non-discretionary basis.

C. *Tailoring Services to Individual Needs of Clients*

The Firm and its Brazilian Affiliate mainly offer a broad range of Brazilian investment capabilities through mutual funds and other products to corporate and other institutional clients. The investment policy for mutual funds and most other funds managed by the Firm and its Brazilian Affiliate is tailored to the expected needs of the mutual fund investor base. For other types of investors, particularly sophisticated private banking, pension plans, insurance companies and corporations, an individual investment policy will typically be tailored according to the regulatory environment and the individual needs and risk profile of the target investor.

D. *Wrap Fee Programs*

The Firm and its Brazilian Affiliate do not currently participate in any wrap fee program, but may do so in the future. At that time, the Firm would provide further brochure disclosures.

E. *Amount of Client Assets*

The Firm manages client assets totaling USD1,160,000,000 as of March, 2015. There is a difference between this number and the number reported last year (USD8,102,000,000) because of funds being transferred to the Firm's Brazilian Affiliate.

Fees and Compensation

A. *General*

The Firm's and its Brazilian Affiliate's compensation includes management fees, performance fees, advisory fees, and in the case of the fund of funds strategies, rebate fees (as further explained below).

The Firm's and its Brazilian Affiliate's compensation for its management services to fund clients mainly consists of asset-based management fees—subject to a minimum fixed amount charged monthly—and, in some cases, also performance-based fees. In accordance with market practices and regulations, the Firm's and its Brazilian Affiliate's abovementioned remuneration for investment management services is established on a case-by-case basis, and depends on a wide range of factors, including: type of investors (such as retail or wholesale audience); net worth of the investor base; type of fund (such as open-end, close-end or capital protected structures); investment policy (such as money market, fixed income or multi-strategy); risk profile (such as low or high tracking error equity capabilities); the size of the portfolio; or the availability of similar products offered by competitors.

Fees charged by the Firm and its Brazilian Affiliate do not follow a set fee schedule. The Firm's and its Brazilian Affiliate's fees for investment funds are set forth in the relevant offering documents of the fund. These fees are subject to approval by the investors as set forth in the relevant documents. The Firm's and its Brazilian Affiliate's fees for segregated portfolios are negotiable on a case-by-case basis and follow no set fee schedule.

Following Brazilian market practices, in the case of the fund of funds services, the Firm receives a rebate fee from the third party managers based on the total amount of assets invested in the respective fund, which rebate is kept by the Firm as a sales commission and is not passed to the investors.

B. *Payment Method*

In the case of investment funds, the management and performance fees are deducted periodically, which may be as often as daily. Other clients are generally charged directly on a monthly or quarterly basis. Performance fees are provisioned daily but only deducted every six months.

C. *Fees and Expenses*

In addition to the asset-based management fees and, in some cases, performance fees mentioned above, some funds have introduced a redemption fee, generally payable if a redemption is made within a set time of purchase, as set forth by the relevant fund documents.

Further, investment funds in Brazil are generally subject to certain fees and expenses. These are:

Custody Fees. These fees are debited directly from the fund's net assets and are variable depending on various factors, including the trade policy of the custodian.

Independent Auditor's Fees. Investment funds are required to have their financial statements audited annually. Due to this obligation, it is necessary to hire an independent auditor and related expenses are born by the fund.

CVM Inspection Fee. The Securities and Exchange Commission of Brazil (CVM) generally charges funds in Brazil a quarterly fee that varies according to the net worth of the respective fund.

ANBIMA Fee. The Brazilian Financial and Capital Markets Association (ANBIMA) is the self-regulatory organization of the Brazilian investment fund industry. ANBIMA charges a bi-monthly fee that varies according to the value of the fund.

SELIC Operating Fee. SELIC, a special system for settlement and custody, is the central depository of securities issued by the Brazilian National Treasury and the Brazilian Central Bank (Banco Central do Brasil)¹ and a delivery-versus-payment settlement system for outright and repo transactions with such securities. All securities are transferred by book entries, while settlement of the financial leg of each transaction is processed and matched by means of a system to which SELIC is linked. The Central Bank of Brazil manages the SELIC and operates it jointly with ANBIMA.

CETIP Operating Fee. CETIP S.A. is a publicly-held company that offers services related to registration, central registration depository, trading and settlement of assets and securities, such as public and private fixed-income bonds and over-the-counter derivatives. It is also Latin America's largest depository of private fixed income securities and Brazil's largest private asset clearinghouse. CETIP negotiates and registers government as well as private securities and over-the-counter derivatives. CETIP charges a monthly fee, which varies according to the number of transactions or operations that are performed, recorded or settled within its system.

D. Advance Payment of Fees

The Firm and its Brazilian Affiliate do not currently request advance payment by its clients, though they may do so in the future if negotiated accordingly. Clients pay advisory fees in arrears.

E. Compensation

The Firm, its Brazilian Affiliate and their personnel do not currently accept compensation for the sale of investment products but, to the extent it is consistent with applicable law, may do so in the future. At that time, the Firm and its Brazilian Affiliate would provide further brochure disclosures.

Performance-Based Fees and Side-By-Side Management

The Firm and its Brazilian Affiliate charge to some of its clients a performance-based fee based on capital appreciation above a predefined and agreed benchmark, generally calculated on the net assets of a fund, that is charged every six months and subject to high water mark criteria.

The use of performance-based fees may lead to conflicts of interest as it may provide incentive for the Firm and its Brazilian Affiliate to favor accounts subject to a performance-based fee over accounts subject only to an asset-based fee. Performance-based fees also may create incentive for the investment manager to recommend investments that may be riskier or more speculative. To mitigate any conflicts of interest, regardless of the type of remuneration (e.g., performance-based fee or asset-based management or administration fee), trade allocation among the Firm's and its Brazilian Affiliate's clients is subject to a fiduciary duty in accordance with internal controls.

The Firm's and its Brazilian Affiliate's remuneration/compensation model does not currently provide for compensation to portfolio managers that is directly linked to account performance.

¹ According to the Complementary Law 101, May/2000 the Central Bank of Brazil has been restricted of new debt emissions starting from 2002.

Types of Clients

Currently, 98.50% of the Firm's clients are investment funds and the remaining 1.5% are segregated account clients. The Brazilian Affiliate's clients are investment funds (96%) and segregated accounts (4%). As mentioned before, the Firm, jointly with its Brazilian Affiliate, is one of the largest investment advisers in Brazil, servicing through approximately 500 funds a broad investor base, including retail, corporate, private pension funds, retirement funds, and insurance companies.

Methods of Analysis, Investment Strategies and Risk of Loss

A. General

The Firm and its Brazilian Affiliate actively manage portfolios of a broad range of investment capabilities and does not recommend primarily a particular type of security. The Firm and its Brazilian Affiliate use various methods of analysis and pursue different investment strategies for their clients. Many of their portfolios are managed with a fundamentally driven approach based on the Firm's and its Brazilian Affiliate's research capabilities and subject to risk and compliance controls. As an overarching philosophy, the Firm and its Brazilian Affiliate adopt prudent positions, while also proposing bold and innovative solutions. The investment process is based on various committees, the most relevant (and generally, their meeting frequency) being:

- *Macroeconomic Committee.* The Macroeconomic Committee defines the macroeconomic scenario and its potential impact over main asset classes, twice a month.
- *Fixed Income Committee.* The Fixed Income Committee discusses fixed income assets and the return/risk profiles of specific securities and investment strategies weekly.
- *Multi-Strategy Committee.* The Multi-Strategy Committee discusses relative value of cross-assets strategies and the return/risk profiles of those specific trades and investment strategies biweekly.
- *Equity Committee.* The Equity Committee is dedicated to equities with a typical bottom-up approach and sector analysis on a weekly basis.
- *Asset Allocation Committee.* As a multidisciplinary forum, the Asset Allocation Committee is dedicated to investment strategies implemented over balanced portfolios on a weekly basis.

The meeting schedules of these committees may vary over time.

Market, credit and liquidity risk limits, as well as legal and specific mandate restrictions are defined in the investment mandate or portfolio set up and must be complied with by the Firm and its Brazilian Affiliate. These restrictions are defined in the fund's offering documents, are taken into account by the respective portfolio managers and are monitored on an ongoing basis by the respective risk and compliance teams.

B. Risks of Investment Strategies

Investing in securities involves risk of loss of all or part of the investment that clients should be prepared to bear. The Firm and its Brazilian Affiliate follow fundamental investment concepts and has adopted specific policies to address different risk factors. For the most sensitive risk factors, which happen to

affect the majority of investment funds, the Firm and its Brazilian Affiliate have adopted the following policies that it applies generally, though not in every instance:

- *Market Risk Control Policy.* “Market risk” is the general uncertainty of generating a financial return that is present in the financial market as a whole. The Firm and its Brazilian Affiliate monitor market risk using methods that include evaluating “value at risk” and applying “stress tests”. Value at risk is a statistical method to assess a potential loss within the portfolio during normal market conditions, based on the analysis of historical behavior of asset prices, their volatilities and correlations. Stress tests are auxiliary models that simulate the results obtained by the respective investment fund’s current position in the face of stressful situations, using various scenarios that take into account, for example, price changes at times of a crisis.
- *Derivatives Risk Control Policy.* Derivatives are securities whose price is dependent upon or derived from one or more underlying assets. Derivatives are generally used in the financial markets to mitigate risk but can also be used for speculative purposes. Within the Firm and its Brazilian Affiliate, the risks of derivatives transactions of the respective investment funds are managed and controlled using similar methods to the ones described above, also considering the counterparty risk derived from over the counter derivatives.
- *Credit Risk Control Policy.* With respect to fixed income securities, credit risk is the uncertainty of the repayment of principal and interest, stemming from a borrower’s failure to fulfill or meet its contractual obligation. The assessment of credit risk includes elements such as a borrower’s collateral assets, revenue generation ability and taxing authority in the case of sovereign borrowers. The Firm and its Brazilian Affiliate have adopted standards to analyze fixed income securities. This methodology includes the examination of the issuer’s credit risk and assigns different ratings according to proprietary risk assessment criteria. Depending on the investment strategy, issuers may be required to attain a minimum grade to be considered eligible for credit. Investors are also subject to credit risk coming from the Firm’s and its Brazilian Affiliate’s selection of service providers, such as lenders, borrowers, broker-dealers and derivatives counterparties. ‘*Counterparty risk*’ is a particular type of credit risk coming from such service provider’s potential failure to meet its contractual obligations. Please refer to *Brokerage Practices – Selecting Broker Dealers* for the criteria the Firm and its Brazilian Affiliate follow to mitigate counterparty risk.
- *Liquidity Risk Control Policy.* Generally characterized by the level of trading activity, liquidity is the ability to negotiate an asset and convert it to cash quickly without affecting its price. Consequently, liquidity risk is the uncertainty stemming from the lack of marketability of an investment. The “liquidity risk control policy” that the Firm and its Brazilian Affiliate apply to the funds computes securities cash flow and maturity levels in the respective investment fund, and also takes into account the historical level of redemptions in each fund to ensure a sufficient level of liquidity in order to meet shareholder’s needs without giving up an appropriate return.

In addition to the above mentioned risks, clients should also be prepared to bear ‘*regulatory risk*’, which is the risk that changes in laws and regulations or an increase in taxes may reduce the attractiveness of investments or change the competitive landscape for a business, sector or market as a whole, and thereby may materially affect the clients’ returns.

Disciplinary Information

The Firm is a subsidiary of a joint venture comprised of three global financial services organizations. Each of these organizations carries on a broad range of businesses that can include commercial, investment and consumer banking, brokerage and trading, and asset management. Given these activities, the Firm's various parent organizations will be subject in the ordinary course of business to a range of commercial litigation as well as reviews by various regulators.

The Firm is required to disclose whether there are any legal or disciplinary events that are material to a client or prospective client's evaluation of our advisory business or the integrity of our management. Except as disclosed pursuant to Item 11 of Form ADV Part 1A, during the past 10 years, no advisory affiliate has been subject to any material adverse final action or agreed to pay material settlement fees under any regulatory, criminal or civil proceeding having an investment-related nature. Such materiality corresponds to decisions or settlements involving amounts greater than USD \$50,000 per action. Illustrating the *de minimis* nature of these actions, during the 10-year period ended December 2012, advisory affiliates of the Firm have had around 190 final "investment-related" (in the broadest sense) actions, falling below the above-noted materiality standard, together representing a total amount of less than USD \$220,000 (i.e., approximately 0.0007% of the group's market capitalization in Brazil - figures as of December 2012). For the only actions above that materiality standard which required disclosure pursuant to Item 11 of Form ADV Part 1A, see the Regulatory Disclosure pages of the Firm's Form ADV Filing. None of these actions, each of which is vigorously contested by the group, is considered to be material to the Firm's or any advisory affiliate's results and business.

Other Financial Industry Activities and Affiliations

The Firm has numerous affiliates in the financial services industry.

Banco Santander (Brasil) S.A.: It's the Firm's affiliate and a major financial institution in Brazil. Banco Santander (Brasil) S.A. is a leading full-service bank in Brazil and the largest bank controlled by the Santander Group. It is located in one of the most attractive markets in the world, given its growth potential for banking products and services.

Banco Santander (Brasil) S.A.'s operations are located across Brazil and strategically concentrated in the South and Southeast part of the country, an area that accounted for approximately 70% of Brazil's GDP, and where the bank has one of the largest branch networks of any Brazilian bank.

The Firm may, from time to time, cause its clients to use the brokerage services of an affiliated broker-dealer (such as Santander Corretora de Cambio e Valores S.A. or Santander Investment Securities Inc.) consistent with the Firm's best execution obligations. The use of an affiliated broker-dealer may involve material conflicts of interest, as the Firm may have an incentive to benefit an affiliate to the disadvantage of the Firm's clients. The Firm may have incentive to direct trades to affiliated broker-dealers even though they may charge higher commissions or provide inferior pricing or executions than unaffiliated broker-dealers. To address these conflicts of interest, the Firm has adopted a policy of treating clients fairly in connection with brokerage and has adopted best execution and broker approval

procedures. The Firm reviews such practices periodically for assurance that the brokerage was directed for appropriate reasons and with only the interests of the client in mind.

The Firm may purchase certificates of deposits or other monetary instruments distributed by Banco Santander (Brasil) S.A. on behalf of its clients and may execute such orders through affiliated broker-dealers. Such purchases are at an arms-length basis. As a non-US investment adviser, such transactions are not subject to the requirements of Section 206(3) of the US Advisers Act of 1940 with respect to non-US clients. The Firm will comply with Section 206 (3) in respect of any US clients.

The Firm has entered into service level agreements with Banco Santander (Brasil) S.A. and with CRV Distribuidora de Títulos e Valores Mobiliários S.A., Santander Seguros S.A. (Brazil), Santander Asset Management Luxembourg S.A., Santander Asset Management S.A. SGIIC (Spain), Santander Asset Management Chile S.A., and Santander Gestión de Activos S.A. de C.V. (Mexico), all of which are affiliated with the Firm, pursuant to which the Firm provides discretionary and non-discretionary advisory services as sub-advisor. In addition, pursuant to these agreements, the Firm provides marketing and relationship management services to Banco Santander (Brasil) S.A. Additionally, the Firm has entered into an expense sharing agreement with Santander Asset Management S.A. SGIIC (Spain) for expenses relating to shared office space, personnel and other services.

Additionally, some of the Firm's directors may serve in the future on the board of directors of the pooled investment vehicles that the Firm manages.

The Firm also receives the support services from Banco Santander (Brasil) S.A., including the following services: legal, auditing, insurance brokerage, business continuity planning, information technology and operations.

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

A. Code of Ethics

As a non-US investment adviser, the Firm and its Brazilian Affiliate are generally not subject to the full requirement of Rule 204A-1 under the US Investment Advisers Act of 1940 to establish and maintain a code of ethics that meet particular criteria. However, the Firm has adopted a code of ethics in accordance with Brazilian law. A copy of the firm's code of ethics will be provided to any client or prospective client upon request. The code of ethics is signed upon admission of each employee of the Firm. The compliance department of the Firm and its Brazilian Affiliate promotes classroom training for all new employees in addition to controlling the implementation of online courses that are mandatory for all employees of the Firm and its Brazilian Affiliate.

The Firm's and its Brazilian Affiliate's code of ethics provides guidelines for establishing respectful and transparent relationships between the Firm and its customers, employees, shareholders, partners and society. It contains guiding principles regarding professional responsibility, personal ethics, confidentiality, conflicts of interest, personal investments, social responsibility, and other topics relevant to employee conduct.

A copy of the Firm's and its Brazilian Affiliate's code of ethics is available at:

<http://www.ri.santander.com.br/show.aspx?idCanal=pJYnCi7gTsLMIMBBbTXEgg==>

B. *Recommendations of Securities to Clients*

The Firm and its Brazilian Affiliate recommend to clients securities of issuers in which the Firm's and its Brazilian Affiliate's employees may have an interest. A conflict of interest may arise by which an employee may have an incentive to place a client in such a security in order to indirectly benefit the performance of the security, although the Firm and its Brazilian Affiliate expect that such an effect would likely occur only rarely. To mitigate or address such conflict of interest, the Firm and its Brazilian Affiliate have adopted a policy of placing client interests before those of the Firm, its Brazilian Affiliate or its personnel and have implemented the Code of Ethics described above in this Item.

The Firm or its Brazilian Affiliate may, as principals, enter into securities transactions with clients. Although the Firm and its Brazilian Affiliate do not currently expect to engage in this practice frequently (except with respect to trades in fixed income securities as described below), clients may seek certain investment strategies under which the practice may occur. The Firm and its Brazilian Affiliate would have a conflict of interest in connection with any such transaction, and may be motivated to choose to engage in such a transaction rather than seeking a more appropriate third party, as it or its affiliates may receive economic benefits from being on the other side of such transaction. The Firm and its Brazilian Affiliate would also have an incentive to value any such asset in a manner favorable to it or its affiliate, and unfavorable to the client. To mitigate or address such conflict of interest, the Firm and its Brazilian Affiliate have adopted a policy of placing client interests before those of the Firm, its Brazilian Affiliate or its personnel, has implemented the code of ethics described above in this Item, and has adopted objective valuation procedures. In addition, in respect of any US clients, it will comply with the disclosure and consent requirements for principal transactions pursuant to Section 206(3) of the US Investment Advisers Act of 1940.

The Firm and its Brazilian Affiliate may encounter similar conflicts of interest in connection with client transactions and, to mitigate or address such conflicts, will generally follow policies and procedures similar to those described above. For example, the Firm and its Brazilian Affiliate may advise a client to invest in another fund that the Firm and its Brazilian Affiliate advise. In such a case, as the Firm and its Brazilian Affiliate would receive fees and may receive other benefits from that investment, the Firm and its Brazilian Affiliate have an incentive to place clients in such investments. Where a conflict of interest is expected to arise, senior personnel will typically be consulted, and the Firm and its Brazilian Affiliate will also review such transactions over time and consider additional policies or procedures, or improvements to existing policies and procedures.

The Firm and its Brazilian Affiliate currently engage in trades in Brazilian fixed income securities between Banco Santander Brasil S.A. (the parent company) and fund clients. This type of trading poses a potential conflict of interest as it is a form of principal trading. The Firm and its Brazilian Affiliate address this potential conflict of interest by trading in accordance with the respective fund's investment policy and abiding by the policies and procedures discussed above. However, as a non-US adviser, these transactions are not subject to the requirement set out in Section 206(3) of the US Investment Advisers

Act of 1940 with respect to non-US clients. The Firm will comply with Section 206(3) in respect of any US clients.

C. *Personal Trading*

The Firm's and its Brazilian Affiliate's code of ethics states that in personal trading, the excess indebtedness or holding speculative stock may be detrimental to the employee's professional activities, and steps should be taken to preclude any personal high risk circumstances from having an impact on any analyses, decisions or professional advisory services on behalf of Santander.

Brokerage Practices

A. *Selecting Broker-Dealers*

The Firm and its Brazilian Affiliate typically work with pre-approved brokers and routinely recommends brokers. By directing brokerage, the Firm and its Brazilian Affiliate may be unable to achieve most favorable execution of client transactions, and this practice may cost clients more money. In order to avoid concentration in one specific broker-dealer, as a general matter, broker fees per broker-dealer are limited each month and also limited as to research services. For certain trading such as derivatives and fixed income bonds, the Firm and its Brazilian Affiliate rotate the approved broker on a periodic basis. The following criteria are considered when selecting broker-dealers, although not every factor will play a role in every selection: (i) broker soundness; (ii) assessment of the shareholder structure of the broker; (iii) cross-check if the broker has been involved in a violation of investment-related regulations; (iv) statuses (i.e., research of the disciplinary history of the broker); (v) analysis of the balance sheets; position in the industry rankings; (vi) assessment of the broker's reputational risk; (vii) asset liquidity for over-the-counter derivatives; and (viii) quality of trade and execution and research quality, if applicable.

The Firm and its Brazilian Affiliate may use research, research-related products and other brokerage services on a "soft dollar" commission basis. These products and services are generally paid through trading commissions charged by the broker to clients for executing such client's transactions. Conflicts of interest may arise to the extent that the Firm and its Brazilian Affiliate use brokers for access to research or soft dollars as the Firm and its Brazilian Affiliate would otherwise incur expenses to assemble the information ourselves. To mitigate this risk, the Firm and its Brazilian Affiliate only enter into a soft dollar arrangement if the Firm and its Brazilian Affiliate determine in good faith that the commission paid is reasonable in relation to the value of the execution and research services provided and provides lawful and appropriate assistance to the Firm and its Brazilian Affiliate in performance of their investment decision-making responsibilities. The Firm and its Brazilian Affiliate believe that it is able to negotiate costs for client transactions that are competitive and consistent with its policy to seek best execution. In respect of any US clients or when advising funds that have US investors, the Firm intends that such research services generally will be eligible under the Section 28(e) safe harbor of the US Securities Exchange Act of 1934, and that non-eligible expenses would be paid by the Firm.

In case of non-discretionary investment advice, the Firm allows clients to direct brokerage (i.e., to choose the broker regardless of the Firm's view of such broker). In case of such directed brokerage, the Firm may be unable to achieve most favorable execution of client transactions, and this practice may

cost clients more money. Clients should be aware that not all investment advisers allow clients to direct brokerage.

B. *Aggregation of Securities for Multiple Client Accounts*

The Firm and its Brazilian Affiliate may, but is not required to, aggregate a trade among multiple accounts for which such trade is determined by the Firm and its Brazilian Affiliate to be an appropriate trade. The determination as to whether a trade is appropriate is based on various factors such as suitability, consistency with investment guidelines and available cash in the account. In the case of aggregation of securities for multiple client accounts, the Firm and its Brazilian Affiliate allocate the trades based on the same average price and the credit and liquidity risk limits for each client. Clients are ranked by a specific risk grade that automatically determines the trade allocation to each client. Based on this risk ranking, the Firm and its Brazilian Affiliate monitor daily and over time the Firm's and its Brazilian Affiliate's trade allocation compliance.

Review of Accounts

The Firm's and its Brazilian Affiliate's portfolio managers typically conduct monthly meetings with the chief executive officer of the Firm and its Brazilian Affiliate and representatives of their management department where the performance of the funds, changes regarding the general investment mandate and the client's satisfaction are reviewed. Any other issues that arise in between these monthly reviews are addressed with the support of the relevant department.

In many cases, portfolio investors receive a monthly written report. This report contains detailed information of the portfolio, such as descriptions of transactions, performance, composition and diversification of the portfolio's assets, proceeds, expenses and other charges.

Client Referrals and Other Compensation

Except for the rebate fee received in connection with the Firm's fund of funds business (as described under "Fees and Compensation" above), the Firm and its Brazilian Affiliate do not receive any economic benefit from third parties that are not clients for providing advisory services. The Firm and its Brazilian Affiliate also do not compensate third parties for client referrals.

Custody

As a non-US investment adviser, the Firm and its Brazilian Affiliate are not subject to the custody rule, Rule 206(4)-2 under the US Investment Advisers Act of 1940, except in respect of US clients.

Investment Discretion

Mutual funds and managed portfolios are typically managed on a discretionary basis. In regard of investment funds and managed portfolios, the respective client and the Firm and its Brazilian Affiliate mutually define a tailored investment strategy that contains specific limits and restrictions. The Firm and its Brazilian Affiliate inform each investor from the beginning of the negotiation process up until launch of the product that any investment is at the investor's risk.

Voting Client Securities

As a non-US investment adviser, the Firm is not subject to the proxy voting Rule 206(4)-6 under the US Investment Advisers Act of 1940 except in respect of any US clients.

The Firm and its Brazilian Affiliate have, however, adopted a proxy voting policy in accordance with Brazilian law to ensure that portfolio managers may exercise voting rights in their own discretion at general shareholder meetings as a representative of the investment fund. This proxy voting policy is guided by loyalty to the interests of shareholders and funds. The portfolio manager will seek to defend the rights of shareholders and employ all care and diligence required by the respective circumstances. By voting in assemblies representing the funds under its management, the Firm and its Brazilian Affiliate seek to vote on resolutions that, in its view, allow the recovery of assets that are part of the portfolios of funds. The Firm's and its Brazilian Affiliate's proxy voting policy is available at www.santanderasset.com.br.

Financial Information

Not applicable.

Requirements for State-Registered Advisers

Not applicable.