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## **M Square Brasil Investimentos Ltda.**

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**This brochure provides information about the qualifications and business practices of M Square Brasil Investimentos Ltda. If you have any questions about the contents of this brochure, please contact us at +55 (11) 4560-6800 or via email at [mkheirallah@msquarebrasil.com.br](mailto:mkheirallah@msquarebrasil.com.br). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Registration of an investment adviser does not imply any level of skill or training.**

**Additional information about M Square Brasil Investimentos Ltda. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**10 March 2017**

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## ITEM 2 – MATERIAL CHANGES

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Effective November 1, 2016, and as a result of a corporate restructuring involving M Square Investimentos Ltda. (“M Square”), M Square Brasil Investimentos Ltda. (“M Square Brasil”) became the manager of the private investment fund named M Square Brazil Value Long Only Fund II LLC (the “Fund”). The restructuring was effected through a spin-off of M Square that resulted in the transfer to M Square Brasil of all businesses related to the Brazilian Equities strategy led by Mr. Mauricio Bittencourt and pursued, among other local vehicles, by the Fund.

The restructuring did not cause any change in the commercial terms of the Fund, its investment objective or to its investment and operations team, which remained strictly the same. Mauricio Bittencourt, the principal responsible for management of the Fund is the majority equity owner of M Square Brasil and remained as the portfolio manager of the Fund, leading the same investment team and relying on the support of the same operations team previously dedicated to the Brazilian Equities strategy.

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## ITEM 4 – ADVISORY BUSINESS

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M Square Brasil is a Brazilian limited liability company duly authorized by the SEC and the Securities and Exchange Commission of Brazil (the “CVM”) to provide investment manager and advisory services to investors in the United States and Brazil.

Based on its experience with Brazilian equity investments, M Square Brasil provides investment advisory services to the Fund and managed accounts (the “Managed Accounts”) and also manages Brazilian based funds, for Brazilian investors, regulated by the CVM (the “CVM Funds” and together with the Fund and the Managed Accounts, the “Investment Vehicles”).

M Square Brasil manages the Fund in accordance to the investment objectives, risk tolerance and guidelines set forth in the Fund’s private placement memorandum, and does not tailor its services to the individual investors in the Fund. The Managed Accounts are managed in accordance with the risk profile of each individual investor and the agreed upon objectives as established by their respective Investment Management Agreements (“IMAs”).

As of [December 31](#), 2016, M Square Brasil had firm wide regulatory assets under management of U.S.\$[1,335,690,472](#).

## ITEM 5 – FEES AND COMPENSATION

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### M Square Brasil Management Fees

The specific manner in which M Square Brasil charges fees is set out in each investor’s written agreement with M Square Brasil, such as the Fund’s private placement memorandum and the Managed Accounts’ IMAs.

M Square Brasil generally receives a management fee equal to an amount between 1.0% and 2.0% per annum of the net asset value of each investor’s contribution in the Fund. The management fee is calculated after deduction of other fees and expenses and charged in accordance with the Fund’s private placement memorandum. The Managed Accounts may elect to be directly billed for the management fees or to authorize M Square Brasil to directly debit such management fees from their accounts, as it does for the Fund.

To the extent the management fee calculation period is longer than the applicable subscription and redemption periods, management fees shall be prorated for each capital contribution and withdrawal made during the applicable fee calculation period (with the exception of *de minimis* contributions and withdrawals). Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable for both the Fund and the Managed Accounts.

In certain specific situations, M Square Brasil management fees may vary from the fees described above. An investor may pay more or less fees than other investors or clients, depending on certain characteristics and/or terms applicable to the investor’s contribution in the Fund, such as size of

investment and liquidity terms.

### **Other Fees and Expenses**

In addition to the management fees and performance-based fees (as described below), investors in the Fund will indirectly bear certain other costs charged to the Fund. Such costs will vary and typically include, though are not limited to, accounting, legal, fund administration fees, compliance expenses and other related costs.

Furthermore, M Square Brasil fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that shall be incurred by investors, including the impact of mark-ups and markdowns. Investors may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and charged before M Square Brasil's fees, and M Square Brasil shall not receive any portion of these commissions, fees and costs.

For additional information regarding the selection, recommendation and compensation of broker-dealers, please refer to Item 12 below.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

In addition to management fees, M Square Brasil will receive a performance fee from the Fund and the Managed Accounts. In general, M Square Brasil will be entitled to a performance fee in respect of each Fund investor's capital account equal to an amount between ten percent (10%) and twenty percent (20%) of the net profits (including unrealized gains), if any, charged to such investor's capital account with respect to each performance period for which the performance fee is calculated; but only to the extent that such profits exceed any loss carry forward from prior performance periods and any performance hurdles, when relevant.

Performance fees for the Managed Accounts will also generally equal an amount between fifteen percent (15%) and twenty percent (20%) of the net profits (including unrealized gains), if any, but only to the extent that such profits exceed any loss carry forward from prior performance periods and any performance hurdles, when relevant. The Managed Accounts may elect to be directly billed for performance fees or to authorize M Square Brasil to directly debit performance fees from their accounts.

Performance-based fee arrangements may create an incentive for M Square Brasil to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities. In such cases, the procedures have been designed and implemented to ensure that all Investment Vehicles are treated fairly and equally, and prevent this conflict from influencing the allocation of investment opportunities among investors.

## ITEM 7 – TYPES OF INVESTORS

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M Square Brasil provides investment management services to private investment funds and to a small number of managed accounts for specific institutional investors, on top of the Brazilian investors of the CVM Funds. Such investors can be classified as qualified and/or professional investors for the purpose of applicable laws.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

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### General Investment Strategies and Methods of Analysis

M Square Brasil seeks to identify securities of listed companies that are traded at prices substantially below their intrinsic value (value-oriented strategy). M Square Brasil's investment strategy consists of deep fundamental analysis, with a long term investment horizon. M Square Brasil's equity research process uses the following criteria to select companies for the Investment Vehicles' portfolios: (1) businesses it understands and for which it is able to develop an opinion about their long term prospects; (2) businesses with above average economics (*e.g.*, sustainable competitive advantages, high return on invested capital, etc.); (3) good and proven management teams; (4) management teams and controlling shareholders who are aligned with long term shareholder value creation for all shareholders; (5) trading at prices that offer a significant margin of safety. It is anticipated that a significant part of a portfolio under this strategy will be comprised of Brazilian listed company's securities. This is a long term type of investment that showcases M Square Brasil's focus on performance over a number of years as opposed to short term volatility. M Square Brasil may also implement short term purchases and sales, if and when contemplated under a specific mandate.

### Material Risks for Significant Investment Strategies

While it is the intention of M Square Brasil to implement strategies intended to minimize potential losses, there can be no assurance that such strategies will be successful. Investing in securities involve a risk of loss that investors must be prepared to bear. There is no guarantee that in any time period an investor's portfolio will achieve appreciation in terms of capital growth or that an investor's investment objective will be met.

The following is a description of the material risks underlying the investment strategies adopted by M Square Brasil, but it does not purport to be a complete explanation of the risks involved in such strategies. **The particular risks associated with an investment in the Fund are further detailed in the Fund's offering documents.**

*Portfolio investments may be volatile*

The value of the securities in which M Square Brasil, on behalf of its investors, will choose to invest may be volatile. There can be no assurance that portfolio companies will ultimately be successful. Furthermore, investors will be subject to economical risks such as inflation, recession,

changes in the general level of interest rates or other market conditions, over which M Square Brasil and investors have no control, and which may have adverse effects in the operating results of the portfolio companies and consequently, the overall portfolio.

#### *Liquidity of investment portfolio*

Although M Square Brasil's strategy will be primarily focused on publicly listed securities and liquid markets, there might be occasions where M Square Brasil may decide to invest in securities which may be relatively illiquid. Liquidity relates to the ability of investors to sell an investment in a timely manner. The market for relatively illiquid securities tends to be more volatile than the market for more liquid securities. Investment of an investor's assets in relatively illiquid securities may restrict the ability of M Square Brasil to dispose of such investor's investments at a price and time that he would expect M Square Brasil to do so.

#### *Foreign currency markets*

M Square Brasil's investment strategy may cause exposure to fluctuations in currency exchange rates, in particular to the Brazilian Real, in which M Square Brasil strategy will be most focused. M Square Brasil, on behalf of the investor, may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency.

#### *Derivatives*

The Fund and the Managed Accounts do not utilize short sales, borrowing or other leverage as part of their investment strategy. The use of derivatives, if any, will be limited to long option positions and currency instruments. The use of currency derivatives will be for currency exposure management purposes only. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. There is no policy within the Fund's and Managed Accounts' investment strategy to protect against currency fluctuations.

#### *Economic and political risks and other global investment risks*

The economies of individual countries, in which M Square Brasil may invest, could differ favorably or unfavorably from the economies of more developed countries in aspects such as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position.

With respect to any emerging country (particularly Brazil), there is the possibility of nationalization, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of an investor's investments in such countries. In addition, it may be difficult to obtain and enforce a judgment in a court in an emerging country.

Other global investing risks include (i) the possible imposition of withholding taxes on income received from the issuer of, or gains with respect to, such securities, (ii) differences between markets, including potential price volatility in and relative illiquidity of some securities markets, (iii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and less governmental supervision and regulation and (iv) certain economic and political risks, including potential exchange control regulations and potential restrictions on investment and repatriation of capital.

*Hedging transactions may increase risks of capital losses*

M Square Brasil may utilize a variety of financial instruments, such as options, for risk management purposes. While M Square Brasil may enter into hedging transactions to seek to reduce risk, such transactions may result in a worse overall performance for an investor's portfolio than if it had not engaged in any such hedging transactions. Moreover, the portfolio is always exposed to certain risks that cannot be hedged, such as credit risk, relating both to particular securities and counterparties.

*Securities lending*

M Square Brasil may enter into securities lending transactions on behalf of its investors. The principal risk when lending securities is that the borrower might become insolvent or refuse to honor its obligations to return the securities. In this event, M Square Brasil, on behalf of an investor, could experience delays in recovering its securities and such investor's portfolio may possibly incur a capital loss and decline in value.

It is worth mentioning that in Brazil, the Brazilian Clearing and Depository Corporation ("CBLC") – the Local Exchange's clearing house – has a segregated account structure that identifies the final beneficial owner or borrower. The beneficial owners are represented at CBLC by the custodians, CBLC's direct participants. The latter bear full responsibility for the holding and movement of securities held in the beneficial owners' accounts, according to the CVM rules. The account segregation protects the final investor because it permits the tracking of property rights in the event of a custodian's insolvency or bankruptcy. Furthermore, it allows CBLC to directly inform the final investors of their holdings in the depository service.

## **ITEM 9 – DISCIPLINARY INFORMATION**

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M Square Brasil has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of M Square Brasil have been subject to such actions.



## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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Neither M Square Brasil nor any of its employees have any relationships or arrangements that have material conflicts of interest to the business of M Square Brasil.

### **Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration**

M Square Brasil is not registered with the CFTC as a Commodity Pool Operator pursuant to the exemption in CFTC Rule 4.13(a)(3) and is not registered as a Commodity Trading Advisor pursuant to the exemption in CFTC Rule 4.14(a)(10).

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN INVESTORS TRANSACTIONS AND PERSONAL TRADING**

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### **Code of Ethics**

M Square Brasil adopts a code of ethics (the “Code of Ethics”) that generally sets forth the standards of conduct expected of all shareholders, officers and employees of M Square Brasil or any other person who is a member of the investment team of the Firm and is subject to the supervision and control of the Firm (“Personnel”). The Code of Ethics covers a range of topics including gifts and entertainment policy, anti-bribery policy, policy on the purchase and sale of securities, reporting securities holdings and trading obligations, insider trading policy, information security, and confidentiality, amongst others.

Specifically, the Code of Ethics requires that Personnel abstain from committing any act that might give rise to conflict between their personal interests and those of M Square Brasil when dealing with suppliers, investors, service providers and any natural person or legal entity doing business or who may do business with M Square Brasil.

Situations that may occasionally cause conflict between the interests of Personnel and those of M Square Brasil, in addition to dubious and unacceptable conduct, shall be carefully analyzed and dealt with. In this case, M Square Brasil requires that Personnel consult with the Chief Compliance Officer or one of the Compliance Committee members directly.

A copy of the M Square Brasil Code of Ethics is available upon request.

### **Participation or Interest in Investor Transactions and Associated Conflicts of Interest; Investments in Securities by Adviser and its Personnel**

Personnel of M Square Brasil and its related persons and affiliates may be investors in M Square Brasil’ Investment Vehicles. As such, it is possible that M Square Brasil could cause an Investment Vehicle to buy or sell securities in which M Square Brasil or one of its related persons has a financial interest. For example, M Square Brasil could recommend that an investor invest in a particular Investment Vehicle for which M Square Brasil or an affiliate serves as investment manager, general partner, managing member or manager. M Square Brasil could also recommend

that the Fund invest in a portfolio company in which another Investment Vehicle previously has invested.

A conflict of interests may also exist if an employee has a competing interest with the Investment Vehicles. Such a conflict may arise, for example, in connection with personal investment activities by an employee that compete with, or can affect, Investment Vehicle investment activity.

As a general rule, Personnel are only permitted to hold investment positions in (i) shares issued by funds for which there is a fund with an equivalent strategy offered by M Square Brasil, (ii) shares of public companies or offered in an IPO, (iii) derivatives backed by a share of a public company, if the holding of such investments preexisted their commencement of employment with M Square Brasil and provided that he/she has reported such investment in his/her initial holdings report.

Investments in (i) any security of a public company other than the ones listed in (ii) and (iii) above, and (ii) securities offered in private placements, private investment partnerships, real estate syndications, and shares issued by companies prior to a public distribution are only permitted to the extent previously approved by the chief compliance officer of M Square Brasil.

## **ITEM 12 – BROKERAGE PRACTICES**

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### **Broker-Dealer Selection**

M Square Brasil has full discretion to select brokers or dealers, as well as the commission rates at which the transactions for investors are effected. It is M Square Brasil's policy to seek best execution at the best price available with respect to each transaction, in light of the overall quality of services provided to it or its investors. In selecting broker-dealers, and in negotiating commissions, M Square Brasil will consider a variety of factors, including best price and execution, the full range of brokerage services provided by the broker, as well as its capital strength and stability, and the quality of the services provided.

In determining the abilities of a broker or dealer to obtain best execution for portfolio transactions, M Square Brasil will consider all relevant factors, including the execution capabilities required by the transactions; the ability and willingness of the broker or dealer to facilitate the portfolio transactions by participating therein for its own account; speed, efficiency and confidentiality; the broker's or dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold; the reputation and perceived soundness of the broker or dealer; as well as other matters relevant to the selection of a broker or dealer for portfolio transactions for any account. M Square Brasil will not adhere to any rigid formula in making the selection of the applicable broker or dealer for portfolio transactions, but will consider a combination of the preceding factors.

M Square Brasil has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular portfolio transaction or to select any broker on the basis of its purported or "posted" commission rate. M Square Brasil will endeavor to be aware of the current level of the charges of eligible brokers and to minimize the expense incurred for effecting portfolio transactions to the extent consistent with the interests and policies of the

Investment Vehicles. Although M Square Brasil will generally seek competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker or dealer involved and thereby entail higher commissions, or their equivalents, than would be the case with other transactions requiring more routine services.

M Square Brasil's Chief Compliance Officer will maintain an "Approved Broker List" based upon criteria established by M Square Brasil. Traders will place orders solely with brokers appearing on the Approved Broker List, unless the trader receives advance written authorization from the Chief Compliance Officer to use another broker. The Chief Compliance Officer will update the Approved Broker List as new relationships are established or existing relationships are terminated or modified.

### **Research and Other Soft Dollar Benefits**

M Square Brasil does not currently have any formal soft dollar agreements. Consistent with obtaining best execution, M Square Brasil may direct brokerage commissions on investor portfolio transactions to brokers in recognition of research or brokerage services received from them in connection with the execution of orders. It is M Square Brasil's policy that any access to proprietary and/or third party research or brokerage products or services as a result of commissions paid or "soft" dollars (including dealer markups or markdowns arising in connection with certain types of riskless principal transactions) will fall within the safe harbor for soft dollars created by Section 28(e) of the Exchange Act.

The research or brokerage products and services likely to be provided to M Square Brasil by broker-dealers generally will include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, analysis of corporate responsibility issues, and communication services related to executing, clearing and settlement of transactions. Such research services will be received primarily in the form of written reports, telephone contacts, and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data, computer software, and meetings arranged with corporate and industry spokespersons, economists, academics, and government representatives.

As a general matter, research and brokerage services are used to service all of M Square Brasil's Investment Vehicles. The commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to the Fund by brokers may be higher than those charged by other brokers who may not offer such proprietary or third-party services, capabilities or characteristics as described above. This may be done where M Square Brasil has determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, M Square Brasil would not be required to place or attempt to place a specific dollar value on the brokerage or research services provided by such broker. However, as noted above, M Square Brasil will confirm that, when

allocating trades to its Investment Vehicles, each Investment Vehicle is treated fairly and equitably over time in the execution of transactions.

### **Brokerage for Investor Referrals**

M Square Brasil generally does not consider, in selecting broker-dealers, whether it or a related person receives investor referrals from a broker-dealer or third party. We note that M Square Brasil has full discretionary powers over its managed products and accounts, including the selection of broker-dealers for its investors (*i.e.*, M Square Brasil will not merely “recommend” broker-dealers for its investors).

M Square Brasil may, from time to time, participate in certain “capital introduction” programs organized or sponsored by certain prime or executing brokers to the Fund or affiliates of such prime or executing brokers, which programs may include the prime or executing brokers or their affiliates introducing M Square Brasil to potential investors with which the prime or executing broker or its affiliate have a pre-existing relationship. Currently, neither M Square Brasil nor the Fund compensate prime or executing brokers or their affiliates for organizing such programs or making such introductions or for any investments ultimately made by such prospective investors (although either may do so in the future). While such programs and introductions provided by a prime or executing broker or their affiliates may provide an incentive or influence M Square Brasil in deciding whether to use such prime or executing broker in connection with brokerage, financing, trade execution and other activities of the Fund, M Square Brasil will not commit to allocate a particular amount of brokerage to a prime or executing broker in any such situation.

### **Aggregation of Trades**

M Square Brasil has the fiduciary duty to execute orders for its Investment Vehicles fairly and equitably. M Square Brasil follows written procedures pursuant to which it may, for Investment Vehicles who permit it, and to the extent consistent with best execution, combine purchase or sale orders for the same security for multiple Investment Vehicles (sometimes called “bunching”) so that they can be executed at the same time.

The procedures followed by M Square Brasil may differ depending on the particular strategy or type of investment. M Square Brasil is not required to bunch or aggregate orders if: (1) portfolio management decisions for different accounts are made separately; or (2) M Square Brasil determines that bunching or aggregating is not practicable. M Square Brasil may be able to negotiate a better price and lower commission rate on aggregated trades than on trades for accounts that are not aggregated. Where transactions for an Investment Vehicle’s account are not aggregated with other orders, it may not benefit from the better price and lower commission rate. Because of prevailing trading activity, it may not be possible to receive the same price or execution on the entire volume of securities purchased or sold. When this occurs, the various prices may, in M Square Brasil’s discretion, be averaged and accounts will be charged or credited with the average price. The effect of such aggregation may operate on some occasions to an account’s disadvantage.

With respect to securities purchased in an initial public offering or secondary public offering, it is recognized that, due to the limited availability of new issues, often it is not possible to achieve a

complete allocation for all new issue-eligible accounts on every trade. M Square Brasil's policies with respect to such cases provides that its portfolio manager and/or trader should confirm that no trade allocation unfairly advantages or disadvantages one or more Investment Vehicles or investment strategies over another, and that over time such Investment Vehicles are all treated fairly.

## **ITEM 13 – REVIEW OF ACCOUNTS**

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### **Review of Accounts**

Investment Vehicle portfolios are reviewed on a continuous basis by the portfolio manager and the investment team. These reviews are designed to monitor and analyze the transactions, positions, investment levels and mandates of each account. Particular attention is given to changes in company fundamentals, industry outlook, market outlook, and price levels. Generally, these reviews will be performed by the investment team on a weekly basis. Extraordinary meetings may occur depending on changes in market conditions and companies' fundamentals.

M Square Brasil also performs reviews of its investors accounts as appropriate, based on, among other things, changes in market conditions, security positions or changes in an investors' investment objective or policies.

M Square Brasil normally prepares and provides to the Fund investors risk reports on a monthly basis, which report portfolio data and performance. These reports usually include statistical data (such as portfolio concentration, liquidity profile and historical returns). Additionally, M Square Brasil will provide to its Fund and Managed Account investors a quarterly commentary on market conditions and portfolio companies' fundamentals.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

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### **Compensation for Client Referrals**

While M Square Brasil does not currently compensate any person for Client referrals, the Fund may have agreements with placement agents for selling their interests. In these agreements, such placement agents may receive a portion of the management fees and performance-based fees or allocations paid to M Square Brasil that are attributed to the interests sold by the agents.

### **Compensation for Investor Relations Services**

Effective November 1, 2016, the Fund has retained a service provider to provide investor relations services for the Fund. For the duration of the agreement established with such service provider, a portion of the management fee and the performance fee charged to the Fund will be paid by the Fund to the service provider. The agreement with this service provider was signed on November 1, 2016 and will continue for an initial term of one year, and shall renew on a one-year basis unless otherwise terminated. The Fund may terminate this agreement at any time upon 60 days' prior

written notice, or hire an additional or replacement investor relations service provider, at its sole discretion.

## **ITEM 15 – CUSTODY**

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Under the “regulation lite” regime, a non-U.S. adviser must comply with the substantive provisions of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) only with respect to its U.S. investors. Consequently, the substantive provisions of the Advisers Act, including the rules relating to custody, would apply only with respect to M Square Brasil’ U.S. Fund investors and investors of the U.S. Managed Accounts (together the “U.S. Investors”). The term “U.S. Investor” excludes, without limitation, investors in any non-U.S. fund managed by M Square Brasil and non-U.S. separate managed accounts.

M Square Brasil’s U.S. Managed Account investors will receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the investors’ investment assets. Additionally, M Square Brasil’s U.S. Fund investors will receive audited financial statements within 120 days of year-end. M Square Brasil recommends that the U.S. Managed Account investors carefully review such statements and compare such official custodial records to the account statements that M Square Brasil may provide to them. M Square Brasil’s statements may vary from custodian statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

M Square Brasil and the custodians will, however, be subject to applicable laws and regulations in their countries of residence and where they conduct business.

## **ITEM 16 – INVESTMENT DISCRETION**

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M Square Brasil receives discretionary authority from the investors of the Investment Vehicles at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. This discretionary authority is provided by M Square Brasil’s investment management agreements with the Investment Vehicles. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular investor’s account.

When selecting securities and determining amounts, M Square Brasil relies on the investment policies, limitations and restrictions of the investors for which it advises. Investment guidelines and restrictions must be provided to M Square Brasil in writing and, with respect to the Fund, are disclosed in the Private Placement Memorandum.

## **ITEM 17 – VOTING CLIENT SECURITIES**

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### **Proxy Voting Policies**

M Square Brasil complies with Rule 206(4)-6 of the Advisers Act and ANBIMA Proxy Voting Policy Guidelines and acts solely in the best interest of its Investment Vehicles when exercising its proxy voting authority. M Square Brasil's policy sets forth information about the procedures adopted by M Square Brasil as well as states that investors may obtain information on how M Square Brasil has voted their proxies (for purposes of the discussion below, "proxies" are understood to include votes cast).

On behalf of its investors, M Square Brasil invests in publicly listed securities. In relation to these investments, M Square Brasil has the authority to vote proxies. Proxy voting decisions are the responsibility of the portfolio manager and will be made in accordance with M Square Brasil's proxy voting policies and procedures. M Square Brasil's general policy regarding proxy voting will be to consult with the portfolio manager and decide each proxy vote on a case-by-case basis.

M Square Brasil shall take into account the best interests of its investors, as well as any potential conflicts of interest among its investors and M Square Brasil or its affiliates. M Square Brasil is responsible for identifying any potential conflicts of interest that may arise in the proxy voting process. M Square Brasil refers any conflicts of interest to the designated principals for resolution.

For M Square Brasil' U.S. Investors, M Square Brasil follows the proxy voting procedures and policies discussed above. In addition, with respect to such U.S. Investors, M Square Brasil will retain (i) written proxy voting policies and procedures; (ii) proxy statements provided by the prime broker/custodian regarding Investment Vehicles securities; (iii) records of votes cast on behalf of investors; (iv) records of investors requests for proxy voting information; and (v) any specific documents M Square Brasil prepared that were material to making a decision how to vote, or that memorialized the basis for the decision.

M Square Brasil's proxy voting policies and procedures is available upon request.

## **ITEM 18 – FINANCIAL INFORMATION**

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M Square Brasil has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to investors, and has not been the subject of a bankruptcy proceeding.