



ITEM 1: COVER PAGE

**FORM ADV PART 2A
FIRM BROCHURE**

**BTG Pactual Asset Management US, LLC
601 Lexington Avenue, 57th Floor
New York NY 10022**

March 30, 2020

*This Brochure provides information about the qualifications and business practices of **BTG Pactual Asset Management US, LLC** and **BTG Pactual Timberland Investment Group, LLC** (collectively "BTG" or the "Adviser"). If you have any questions about the contents of this Brochure, please contact us at 212-293-4600. 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. BTG may refer to itself as a "registered investment adviser" or "RIA". You should be aware that registration with the SEC or a state securities authority does not imply a certain level of skill or training. Additional information about BTG is also available on the SEC's website at www.adviserinfo.sec.gov.*



ITEM 2: MATERIAL CHANGES

The last annual update of this Brochure was issued by BTG Pactual Asset Management US, LLC on March 29, 2019. Included in this Brochure are the following material changes since the last annual update:

1. The Adviser updated its investment strategies and risk section.
2. The Adviser updated its fees and compensation section.



Important Note about this Brochure

This Brochure is not:

- an offer or agreement to provide advisory services to any person,
- an offer to sell interests (or a solicitation of an offer to purchase interests) in any Fund,
- a complete discussion of the features, risks or conflicts associated with any Fund or Advisory Service, or
- to be relied on in determining whether to invest or establish an advisory relationship.

As required by the Investment Advisers Act of 1940, as amended ("Advisers Act"), BTG provides this Brochure to current and prospective Advisory Clients and may also, in its discretion, provide this Brochure to current or prospective investors in private funds advised or subadvised by BTG, together with other relevant offering materials (such as subscription agreements, offering memoranda, operating agreements or advisory contracts), prior to, or in connection with, such persons' establishment or consideration of an investment advisory relationship with BTG. Additionally, this Brochure is available through the SEC's Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services and products of BTG, persons who receive this Brochure (whether or not from BTG) should be aware that it is designed solely to provide information about BTG as necessary to respond to certain disclosure obligations under the Advisers Act. As such, more complete information about each Advisory Client, as well as BTG's investment advisory services, is included in relevant offering materials or investment management agreements, which are provided to current and eligible prospective investors only by BTG or an Administrator or Placement Agent. To the extent that there is any conflict between discussions herein and similar or related discussions in any offering materials, the relevant offering materials shall govern and control.



ITEM 3: TABLE OF CONTENTS

ITEM 1: COVER PAGE	1
ITEM 2: MATERIAL CHANGES.....	2
ITEM 3: TABLE OF CONTENTS	4
ITEM 4: ADVISORY BUSINESS.....	5
ITEM 5: FEES AND COMPENSATION	7
ITEM 6: PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	9
ITEM 7: TYPES OF CLIENTS	10
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	11
ITEM 9: DISCIPLINARY INFORMATION	30
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	30
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	32
ITEM 12: BROKERAGE PRACTICES.....	36
ITEM 13: REVIEW OF ACCOUNTS.....	39
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION.....	39
ITEM 15: CUSTODY.....	40
ITEM 16: INVESTMENT DISCRETION	40
ITEM 17: VOTING CLIENT SECURITIES.....	40
ITEM 18: FINANCIAL INFORMATION OF THE ADVISER	42



ITEM 4: ADVISORY BUSINESS

Background

BTG Pactual Asset Management US, LLC is a Delaware Limited Liability Company formed in 2011, which succeeded BTG Pactual US Asset Management Corp. founded in 2008. BTG Pactual Timberland Investment Group, LLC (collectively with BTG Pactual Asset Management US, LLC, the "Firm" or "BTG") was formed in 2013 to provide investment advisory services to funds, vehicles and managed accounts focusing on timberland assets. BTG is a wholly owned subsidiary of Banco BTG Pactual S.A., a Brazilian investment bank. BTG's investment advisory business consists of the following activities: (i) acting as an adviser and sub-adviser to private funds and (ii) acting as an adviser to managed accounts on both a discretionary and non-discretionary basis. The private funds and managed accounts are the Firm's "Advisory Clients".

Advisory Services

BTG is a sub-adviser to certain private funds managed by BTG Pactual Global Asset Management Ltd. BTG also provides both discretionary and non-discretionary investment advisory services to institutional and high-net worth clients on an individually segregated account basis and within its wealth management group. Additionally, BTG Pactual Timberland Investment Group, LLC ("BTG TIG"), a "relying adviser" of the Firm, provides investment advice to private funds and managed accounts focusing on investments in timberlands. All investment advisory services are based on each Advisory Client's individual needs, stated objectives and guidelines.

Principal Investment Strategies

BTG provides a wide range of both traditional and alternative investment products to both US and non-US investors. The private funds BTG advise seek to achieve their investment objectives through the use of a diverse range of strategies. These strategies may include, but are not limited to, those focused on (i) themes related to global macroeconomic conditions and strategies targeting specific emerging markets, countries or issuers, and (ii) obtaining equity-like returns in liquid and illiquid securities. The strategies that are currently part of the investment approach include, but are not limited to, fundamental equity long/short, currencies, merger arbitrage, event driven and special situations, corporate and sovereign debt, credit long/short, asset backed securities, global rates and foreign exchange, structured products and relative value equities.

The Firm generally focuses on an "absolute return" approach to investing rather than an index approach and uses active portfolio management to achieve results. The Firm employs a dual top down and bottom up approach to identify investment opportunities. Investment decisions are based on both fundamental micro as well as macro analysis that include a review of the regional and global economic situation, asset flows and other macro indicators. In addition to its focus on emerging markets, the strategies also consider global macroeconomic themes.



BTG also provides discretionary and non-discretionary investment advisory and wealth management services to high-net worth and institutional investors located in the US and abroad. These advisory services are tailored to each investor's needs and suitability.

BTG TIG is a natural resource asset management company managing high-quality carbon credits and other environmental assets derived from sustainable forest and land-use activities. BTG TIG also provides timberland asset management services. As an investment adviser and asset manager, BTG TIG and its affiliates are responsible for sourcing potential investments, conducting research and due diligence on potential investments, analyzing investment opportunities, structuring investments, and monitoring and managing investments on behalf of its Advisory Clients. BTG TIG and/or its affiliates also provide certain administrative services to Advisory Clients or arrange for services to be provided by a third party. In general, the objective of BTG TIG's investment advisory services is to optimize the value of managed assets through market analysis and active management.

Tailored Advice and Client-Imposed Restrictions

Each Advisory Client managed by BTG has its own investment objectives, strategies and restrictions. Certain Advisory Clients may focus on a narrow investment strategy while others may pursue a broader investment strategy. BTG prepares governing documents with respect to each Advisory Client that contain more detailed information, including a description of the investment objectives and strategy or strategies employed and related restrictions. The governing documents include but are not limited to offering memorandums, investment management agreements or sub-advisory agreements depending on the type of Advisory Client ("governing documents").

When deemed appropriate, BTG has established, and may in the future establish, managed accounts, which (i) tailor their investment objectives, guidelines, and restrictions to specific private funds and/or (ii) are subject to objectives, guidelines, and restrictions, terms and/or fees different from those of the private funds. Such investment objectives, fee arrangements and terms have been and will be individually negotiated.

While managed accounts may be reasonably tailored based on the individual needs of an Advisory Client, as agreed to with BTG, the private funds may not be tailored to meet the individualized investment needs of any particular investor. An investment in a private fund does not create a client-adviser relationship between BTG and an investor. Further discussion of the strategies, investments and risks associated with all Advisory Clients is included in the governing documents.

Current and prospective investors must consider whether a particular private fund or advisory relationship is appropriate to their own circumstances based on all relevant factors including, but not limited to, the investor's own investment objectives, liquidity requirements, tax situation and risk tolerance. Prospective investors are strongly encouraged to undertake appropriate due



diligence, including but not limited to a review of relevant offering materials and governing documents and the additional details about BTG's investment strategies, methods of analysis and related risks in Item 8 of this Brochure, before making an investment decision.

Wrap Fee Disclosure

Not applicable.

Assets Under Management

As of December 31, 2019, BTG managed or sub-advised approximately \$28,210,294,000.00 in regulatory assets under management on a discretionary basis. BTG also managed approximately \$581,161,000.00 on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

Compensation

Private Funds

Management fees range up to 2% of assets under management and are, in general, payable at the beginning or after the end of each month or quarter. Fees are generally based on the market value of the securities and cash in the portfolio on the appraisal date of the account and with respect to the Timber Funds, include capital commitments and invested capital. The fees paid may differ based on account size, strategy and complexity. Performance fees are generally 20% of any increase of the asset value over and above a target percentage rate. All performance and management fees may vary depending upon investor, strategy and fund structure. Investment management and performance fees may be negotiable depending on product types.

Fees differ from one private fund to another, as well as among investors in the same private fund. In certain cases, the rate of management fees and performance fees payable by an investor in a private fund will be lower the larger the size of the investment in such private fund made by such investor. Certain investors share in fee income earned by BTG through a management fee offset, and to the extent such investor is represented on an investor advisory committee which approves such fees, such interest may influence their decision as a member of such committee and create conflicts of interests with respect thereto.

In addition to the management fee and performance fee, BTG or its affiliate is expected to receive fees related to property management services from the Timber related funds, accounts or vehicles. Property management services customarily include the preparation and implementation of silvicultural prescriptions and other operational plans, property inspections, supervision of operational contractors, mapping, forest protection, quality control of forest operations, environmental licensing, forest certification services, harvest layout, marking and administration of timber sales, administration and implementation of forest inventory systems, administration and implementation of management information systems, administration and



implementation of geographic information systems, and other fees associated with the management and operation of timberland assets. Generally, a fee schedule payable to BTG or its affiliate will be disclosed to the investor advisory committee on a quarterly basis pursuant to the relevant governing documents.

Managed Account Fees

Most non-discretionary wealth management account fees are based on the revenue generated by the Advisory Clients with the custodian banks. A percentage of the revenues generated will typically be paid by the custodian banks to BTG at the end of each quarter. For discretionary wealth management accounts, Advisory Clients will pay management and performance fees to be agreed upon.

Management and performance fees for other managed accounts are typically negotiated on an account by account basis and will vary depending upon account size, strategy and complexity.

For wealth management managed accounts, all fees paid to the Adviser for advisory services are separate and distinct from the fees and expenses charged by affiliated and/or non-affiliated third party service providers. In addition, wealth management advisory clients may incur separate and distinct fees and expenses when investing in affiliated and/or non-affiliated investments, which are outlined in the applicable governing documents. These separate fees and expenses include, but are not limited to, custodial fees, execution cost, management and performance fees and record-keeping costs. Advisory Client assets may also be subject to transaction fees, brokerage fees and commissions, redemption fees on mutual funds, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The exact expenses paid by an Advisory Client will be further discussed in the relevant governing documents. In addition, the Adviser and its affiliates may also be eligible to receive distribution fees from certain mutual funds in connection with an Advisory Client account's investment in certain share classes of such mutual funds ("12b-1 fees"). The possibility of the payment of 12b-1 fees to the Adviser or its affiliates presents a conflict of interest between the Adviser and its Advisory Clients'. However, to minimize the conflict of interest that may otherwise exist with respect to the selection of such mutual funds, the Adviser's policy requires it to select non-12b-1 fee paying share classes when available. In situations where the only share classes available of a selected mutual fund are share classes that pay 12b-1 fees, the Adviser will cause the Advisory Client to invest in the share class that pays the lowest 12b-1 fees and only if it is in the best interest of the Advisory Client to invest in such mutual fund.

Compensation, Redemption & Terminations

Investor redemptions are subject to the vehicle or form of investment in which the assets are held. Managed account clients may redeem with written notice to BTG according to redemption requirements set in the managed account agreements and the relevant governing documents. Investors in private funds may redeem by written notice to the private fund Administrator.



Private fund investors are subject to redemption requirements as set forth in the governing documents, which typically limit redemptions to once a quarter with proper advance notice. Advisory agreements may be terminated according to the terms stated in the relevant governing documents.

Billing

Fees are automatically deducted from the private funds. Managed Accounts are either billed for fees incurred or will have the fees deducted directly, depending upon the terms of the governing documents.

With respect to the private funds, the management fee is generally payable at the beginning or after the end of each month or quarter. Investors in certain private funds who withdraw may not be refunded any portion of the management fee payable for that calendar month or quarter. With respect to managed accounts, management fees may be paid quarterly or monthly, in advance or in arrears, as agreed on with the client. For Managed Accounts that are terminated prior to the end of the period, fees paid in advance will be refunded only if agreed to by the parties.

Other Expenses

Advisory Clients and investors may incur other expenses separate and apart from the Firm's investment management and performance fees. These expenses typically include custody fees, trading and brokerage service fees, other transaction fees, and/or other expenses associated with the private fund or investment vehicle in which assets are invested. Expenses may also include, but are not limited to, fees, costs and expenses related to the developing, bidding on, evaluation, negotiating and structuring of investments as well as audit, printing, government filing, due diligence (including environmental and legal due diligence), market or environmental research, advisory, placement and consulting fees. The exact expenses paid by an investor will be further discussed in the relevant governing documents as well as disclosures accompanying any investment.

Sales-based Compensation

The Adviser and its Staff Members¹ do not accept additional compensation for the sale of securities, except as described above.

ITEM 6: PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Firm charges some investors performance fees, i.e. a fee based on a share of capital gains on or capital appreciation of the investor's assets under management. Performance-based compensation may create an incentive for the Firm to make investments that are riskier or more

¹ Staff Members typically refers to partners, directors, officers, employees, interns, consultants, contractors and temporary workers of BTG.



speculative than would be the case in the absence of the performance-based compensation. In addition, the performance on which performance-based compensation, with respect to certain Advisory Clients, is calculated will include unrealized appreciation and depreciation of investments that may not ultimately be realized.

As discussed in more detail in Item 11, co-investment opportunities are allocated in accordance with BTG's written policies and procedures, taking into account applicable provisions of the Advisory Client's governing document (or investment management agreement in the case of a separate account).

In allocating investment opportunities, there could be incentives to favor Advisory Clients with higher potential performance fees or carried interest allocations over Advisory Clients with lower potential performance fees or carried interest allocations.

The possibility of a conflict of interest exists in that BTG's principal owners, officers, Staff Members and their related persons may also invest directly in one or more of the private funds. They may have an incentive to allocate more profitable investments to Advisory Clients in which they and their related persons have investments or to trade the portfolios of those Advisory Clients first.

To attempt to address these conflicts of interest, BTG has adopted policies and procedures on equitable trade allocation and aggregation. To the extent a particular investment is suitable for more than one Advisory Client, such investments will be allocated among such Advisory Clients pro rata based on assets under management or capital commitments or in some other manner that BTG determines is fair and equitable under the circumstances to all affected Advisory Clients. Please see Item 12 for more information on BTG's trade aggregation policies.

ITEM 7: TYPES OF CLIENTS

BTG provides investment advisory services to private investment funds, organized as limited partnerships, limited liability companies, or other legal entities, in which investors are accredited investors or qualified purchasers. These private funds are not registered under federal securities laws and typically utilize sophisticated investment strategies and proprietary investment models.

In addition, BTG provides discretionary and non-discretionary investment advisory services to institutional clients on an individually managed account basis and within its wealth management group. The Firm's managed accounts may include pension funds, insurance companies, banks, foundations, endowments, trusts, estates, family offices, high-net worth individuals, proprietary accounts, BTG affiliates and other institutions. Investors in the collective investment vehicles primarily include US and non-US individuals, estates, charitable organizations, banks and corporations.



The minimum dollar amount of assets ordinarily required for the establishment of an investment adviser account is \$1,000,000. Smaller accounts may be accepted on an accommodation basis or when it is deemed likely that the minimum dollar size will be achieved within a reasonable period of time or in conjunction with other accounts.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis & Investment Strategies

A dual top-down and bottom-up approach is utilized to identify investment opportunities. Investment decisions are based on both micro and macro analysis of the local, regional and global economic environment, asset flows and other indicators. More information is provided in each governing document including the private fund's offering document and investment management agreement. Investors should read the governing documents carefully before investing.

The Firm seeks to generate absolute returns for its clients by investing in a wide range of investment vehicles, including both traditional and alternative investment products. Some of these include U.S. Treasuries, asset-backed securities ("ABS"), swaps, bonds, and equities, which may be issued and guaranteed by a U.S. government sponsored entity ("GSE") or be issued by an entity other than a GSE. The Firm may also employ strategies primarily focusing on purchasing equity or equity-like securities (i.e. privately-negotiated investments in privately-held companies; privately-negotiated investments in publicly-listed companies, purchases of liquid, publicly traded equity securities; and highly negotiated, complex capital structure investments), comprising non-controlling, minority stakes in order to generate long-term capital appreciation. Investors are encouraged to read the prospectus or other offering documents of each fund or investment vehicle, which contains important information about the investment strategies, methods of analysis and risks of each fund or account, before investing.

In general, BTG TIG's investment strategy involves investing on behalf of its Advisory Clients in natural resource assets, including timberland, high-quality carbon credits, and other environmental assets derived from sustainable forest and land-use activities. With respect to the timber funds and managed accounts, BTG TIG's principal investment strategy involves investments in timberland primarily located in Latin America, the United States, Europe and South Africa. Through its management and expertise, such assets are developed and cultivated to maximize the value of the investment.

BTG TIG's objective is to optimize the value of its Advisory Clients' assets through active management and market analysis. Accordingly, BTG TIG sources potential investments, conducts research and due diligence on potential investments, analyzes investment opportunities, structures investments, and monitors and manages investments on behalf of its Advisory Clients. In addition, it obtains information on investments, including but not limited to, site quality, market values of environmental externalities, species growth and yield, costs of forest



establishment, tending and harvesting, markets for environmental assets and wood products through its own independent research and through its contacts with industry experts.

BTG TIG prepares acquisition models that project the value of a potential investment over the anticipated length of the investment as well as targeted return for such investment. As part of its methods of analysis, it conducts due diligence to verify land title, forest area, compliance with environmental, health and safety, employment, security and taxation laws and regulations and market assumptions.

Material Risks Associated with the Investment Strategies

Investing in securities in general involves risk of loss that investors should be prepared to bear. Each private fund and managed account has risks, which are specific to its particular investment strategies. Investors are advised to review the applicable governing documents for additional information on the risks of investing in an Advisory Client. These investments are appropriate for only experienced and sophisticated persons who meet certain eligibility criteria, are able to bear the risk of loss of some or all of an investment, and have a limited need for liquidity. Generally, however, investors in BTG managed private funds or managed accounts may be exposed to the following risks:

Risks of Investments in Securities Generally

All securities investments risk the loss of capital. No guarantee or representation is made that the investment program will be successful. The investment program may involve, without limitation, risks associated with limited diversification, leverage, interest rates, currencies, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in Advisory Client's activities. Certain investment techniques of the Advisory Client can, in certain circumstances, magnify the impact of adverse market moves to which the Advisory Client may be subject. In addition, the Advisory Client's investment in securities may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Advisory Client may invest its assets.

The Advisory Client's methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

Emerging Markets Risks

The Advisory Clients may invest in issuers or properties located or doing substantial business in emerging market countries. Because of less developed markets and economies and, in some countries, less mature governments and governmental

institutions, the risks of investing in securities of issuers domiciled or doing substantial business in emerging market countries can be intensified. These risks include: high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries, as well as a high concentration of investors and financial intermediaries; political and social uncertainties; overdependence on exports, especially with respect to primary commodities, making these economies vulnerable to changes in commodity prices; overburdened infrastructure and obsolete or unseasoned financial systems; environmental problems; less developed legal systems; and less reliable custodial services and settlement practices. Investments in these markets or denominated in non-U.S. currencies also pose currency exchange risks (including blockage, devaluation and non-exchangeability) as well as a range of other potential risks which could include, depending on the country involved, expropriation, confiscatory taxation, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding non-U.S. issuers and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Further, non-U.S. securities markets may not be as liquid as U.S. markets. Transaction costs of investing outside the U.S. are generally higher than in the U.S. Higher costs result because of the cost of converting a foreign currency to dollars, the payment of fixed brokerage commissions on some foreign exchanges and the imposition of transfer taxes or transaction charges by non-U.S. exchanges. There is generally less government supervision and regulation of exchanges, brokers and issuers than there is in the U.S. and there is greater difficulty in taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect an Advisory Client's performance.

Market Volatility

The profitability of the Advisory Client depends on the Firm correctly assessing the future price movements of bonds, other financial instruments and the movements of interest rates and other market indicators. There is no guarantee that the Firm will be successful in accurately predicting those prices and interest rate movements. In particular, the Advisory Clients may be materially and adversely affected even if the Firm correctly evaluates the intrinsic or fundamental value of its portfolio investments if the overall fixed income market experiences dramatic reversals or swings in volatility. Any such market behavior will be especially difficult for an Advisory Client if it is significantly leveraged at such time or is in the process of honoring substantial withdrawals.

Limited Diversification

In the normal course of making investments on behalf of an Advisory Client, the Adviser may, but is not obligated to, diversify their investments. However, the Advisory Client's



portfolios could become significantly concentrated, for example, in any one issuer, industry, sector, strategy, country or geographic region, and such concentration of risk may increase any losses suffered by the Advisory Client. In addition, it is possible that the Adviser may select investments that are concentrated in a limited number or type of financial instruments. This limited diversity could expose the Advisory Client to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those financial instruments.

Leverage and Financing Risk

The Advisory Clients may leverage its capital because the Adviser believes that the use of leverage may enable the Advisory Clients to achieve a higher rate of return. Accordingly, the Advisory Clients may pledge their securities in order to borrow additional funds for investment purposes. The Advisory Clients may also leverage their investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings which the Advisory Clients may have outstanding at any time may be substantial in relation to their capital. While leverage presents opportunities for increasing total returns, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment would be magnified to the extent the investment is leveraged. The cumulative effect of the use of leverage by the Advisory Clients in a market that moves adversely to its investments could result in a substantial loss to the Advisory Clients, which would be greater than if the Advisory Clients were not leveraged. In general, the anticipated use of short-term margin borrowings results in certain additional risks to the Advisory Clients. For example, should the securities pledged to brokers to secure the Advisory Clients' margin accounts decline in value, the Advisory Clients could be subject to a "margin call," pursuant to which the Advisory Clients must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Advisory Clients' assets, the Advisory Clients might not be able to liquidate assets quickly enough to satisfy their margin requirements. The Advisory Clients may enter into repurchase and reverse repurchase agreements. When the Advisory Clients enter into a repurchase agreement, it "sells" securities issued by the U.S. or a non-U.S. government, or agencies thereof, to a broker-dealer or financial institution, and agrees to repurchase such securities for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the Advisory Client "buys" securities issued by the U.S. or a non-U.S. government, or agencies thereof, from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Advisory Clients, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the Advisory Clients involves certain risks including that the seller under a reverse repurchase



agreement defaults on its obligation to repurchase the underlying securities. Disposing of the security in such case may involve costs to the Advisory Clients.

Exchange Rate Exposure

A substantial portion of Advisory Client assets may be invested in the securities of non-U.S. issuers listed on non-U.S. exchanges and denominated in non-U.S. currencies. The Advisory Clients, however, generally value their securities and other assets in U.S. Dollars and any management fees and performance fees are paid in U.S. Dollars. Although the Advisory Clients have the authority to hedge its non-U.S. Dollar positions through currency hedging transactions, it will not necessarily do so. If an Advisory Client does hedge, there is no guarantee that such hedging activities will be successful. To the extent unhedged, the value of the Advisory Client's positions in non-U.S. investments will fluctuate with the U.S. Dollar exchange rate. In such cases, an increase in the value of the U.S. Dollar compared to the other currencies in which the Advisory Client holds investments will reduce the value of these non-U.S. investments, which may result in a loss to the Advisory Client. The Advisory Client intends to hedge shares denominated in Euros and Reals against exchange rate exposure and may hedge all shares against such exposure. All profits and losses associated with such hedging activities (including fees and expenses associated with such activities) will be allocated to the applicable class of shares. However, to the extent that such class of shares is unable to bear the fees and expenses associated with such hedging activities, the holders of other classes of shares may bear such fees and expenses.

Hedging Transactions

The Advisory Clients may utilize financial instruments, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Advisory Client's investment portfolios resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Advisory Client's unrealized gains in the value of its investment portfolios; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Advisory Client's portfolios; (v) hedge the interest rate or currency exchange rate on any of the Advisory Client's liabilities or assets; (vi) protect against any increase in the price of any securities the Advisory Client anticipates purchasing at a later date; or (vii) for any other reason that the Adviser deems appropriate. The Advisory Client will not be required to hedge any particular risk in connection with a particular transaction or its portfolios generally and if the Advisory Client does hedge, there is no guarantee that such hedging activities will be successful.

Short Selling

Short selling involves selling securities, which are not owned by the short seller, and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the seller to profit from a decline in market

price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which an Advisory Client engages in short sales will depend upon the Adviser's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Advisory Client of buying those securities to cover the short position. There can be no assurance that the Advisory Client will be able to maintain the ability to borrow securities sold short. In such cases, the Advisory Client can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. For example, historically the SEC has ordered a temporary ban on short-selling the stocks of certain mortgage finance companies and investment banks. The SEC and/or other global regulatory authorities may enact similar orders and restrictions at any time, which may affect the Advisory Client's ability to engage in short selling. There can be no assurance that the Advisory Client will not be subject to such orders and restrictions in the future.

Counterparty Risk

Some of the markets in which the Advisory Clients may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Advisory Clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Advisory Clients to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Advisory Clients have concentrated their transactions with a single or small group of counterparties. Advisory Clients are not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Advisory Clients' internal credit functions, which evaluate the creditworthiness of its counterparties, may prove insufficient. The lack of a complete and "foolproof" evaluation of the financial capabilities of the Advisory Clients' counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Advisory Clients.

Liquidity Risks

Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of an Advisory Client's portfolio positions may be reduced. During such times, the Advisory Client may be unable to dispose of certain assets, which would adversely affect its ability to rebalance its



portfolios or to meet redemption requests. In addition, such circumstances may force the Advisory Client to dispose of assets at reduced prices, thereby adversely affecting its performance. If there are other market participants seeking to dispose of similar assets at the same time, the Advisory Client may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if the Advisory Client incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, the Advisory Client's counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Advisory Client's credit risk to them.

Equity Securities

The Advisory Clients' investment portfolios may include long and short positions in equity securities of U.S. and non-U.S. listed companies. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by the Advisory Clients.

Distressed Securities

Advisory Clients may invest in "below investment grade" securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the Advisory Clients' investments in any instrument, and a significant portion of the obligations and securities in which the Advisory Clients invest may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no

assurance that the Adviser will correctly evaluate the value of the assets collateralizing the Advisory Clients' investments or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which Advisory Clients invest, the Advisory Clients may lose their entire investment, may be required to accept cash or securities with a value less than their original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Advisory Clients' investments may not compensate the shareholders adequately for the risks assumed. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Advisory Clients of the security in respect to which such distribution was made. In certain transactions, the Advisory Clients may not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

Risks Related to Investments in RMBS Positions

RMBS are generally securities backed by mortgages on real property or interests therein having a residential use. RMBS are subject to particular risks, including a lack of standardized terms, uncertainty of payments of principal and interest, and illiquidity of secondary markets. Additional risks may be presented by the type and use of a particular residential property. Principal and interest payments on residential mortgages are uncertain and are subject to various risks including: changes in general or local economic conditions and/or specific industry segments; declines in real estate values; availability of financing; declines in rental or occupancy rates; increases in interest rates, real estate tax rates and other operating expenses; changes in governmental rules, regulations and fiscal policies; acts of God; terrorist threats, attacks, social unrest and civil disturbances. The exercise of remedies and successful realization of liquidation proceeds relating to RMBS securities may be highly dependent on the performance of the servicer or special servicer. There may be a limited number of special servicers available, particularly those that do not have conflicts of interest.

Limited Liquidity

An investment in the shares of an Advisory Client provides limited liquidity. Shares are not freely transferable and an investor generally may only redeem its shares upon giving written notice according to the governing documents. Further, a Board of Directors of a private fund or other similar management party, according to the relevant governing documents, may suspend any one or more of (a) determination of Net Asset Value, (b) subscriptions for shares, (c) redemptions and/or (d) payments (in whole or in part) of any

amounts due to redeeming investors when, among other things the disposal of part or all of the Advisory Clients' assets and liabilities, or the determination of Net Asset Value, in the opinion of the Board of Directors or other similar party would not be reasonably practicable or would be seriously prejudicial to the investors who are not redeeming. The Board of Directors, acting upon the recommendation of the Adviser, may postpone a redemption date if, among other things, the Adviser or the Board of Directors believes that it is not reasonably practicable to value a material portion of the Advisory Client's assets. In each case, the General Partner may make similar determinations with respect to any master fund. The payment of redemption proceeds by any feeder fund is subject to the feeder fund's receipt of sufficient proceeds from the master fund. An investment in the shares is suitable only for sophisticated investors that do not need liquidity with respect to their investment.

Illiquid Portfolio Instruments

Although not central to its investment strategy, Advisory Clients may invest part of their assets in investments in illiquid funds or securities, or funds or securities that do not have a readily ascertainable market value or should be held until the resolution of a special event or circumstances. The Advisory Clients may not be able to readily dispose of such investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time.

Debt Securities Generally

Advisory Clients invest in private and government debt securities and instruments. It is likely that many of the debt instruments in which the Advisory Clients invest may be unrated, and whether or not rated, the debt instruments may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, an economic recession could severely disrupt the market for most of these securities and may have an adverse impact on the value of such instruments. It is also likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

ABS— General

The investment characteristics of asset-backed securities differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time.



Cybersecurity

The computer systems, networks and devices used by the Adviser and its service providers to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. As a result, Advisory Clients and investors could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to an Advisory Client; impediments to trading; the inability of the Adviser and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Misconduct of Staff Members and of Third Party Service Providers

Misconduct by Staff Members or by third party service providers could cause significant losses to an Advisory Client. Such misconduct may include binding the Advisory Client to transactions that exceed authorized limits or present unacceptable risks and unauthorized trading activities or concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third party service providers, including, without limitation, failing to recognize trades and misappropriating assets. In addition, Staff Members and third party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Advisory Client's business prospects or future marketing activities. Although BTG will adopt measures to prevent and detect such misconduct and to select reliable third party providers, such measures may not be effective in all cases.

Nature of Investments

All investments risk the loss of capital. BTG believes that its investment program and research techniques may moderate this risk through a careful selection and balancing of securities. No guarantee or representation is made that BTG's program in respect of an Advisory Client will be successful. BTG's investment program may utilize such investment techniques as trading in put and call options and other derivatives, margin transactions, short sales and forward contracts, which practices can, in certain circumstances, increase



the adverse impact to which the Fund may be subject. No guarantee or representation is made that the Advisory Client's investment objective will be achieved.

Public Health Risk

Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and COVID-19. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and business activity in any of the countries in which the Firm may invest and/or operate. Such disruption could thereby adversely affect the ability of the Firm to provide investment management services and the performance of the Firm's investments.

Risks Specific to BTG TIG

Political and Economic Risks

BTG TIG Advisory Clients' international environmental investments including timberland, are subject to various risks incidental to investing in and/or managing businesses abroad, including a nationalization, expropriation or confiscatory taxation, political and economic instability, adverse regulatory changes, and diplomatic developments that could affect investments in those countries.

Land Ownership Restrictions in Brazil

To the extent BTG TIG's Advisory Clients seek to acquire or own forestry assets in Brazil, such assets may be subject to Brazil's foreign land ownership limitations. Brazil has maintained such limitations for many years, and Brazil's current rules date back to 1971. The current rules limit the amount of land that foreign entities may own directly and may be difficult to evaluate. BTG TIG's compliance with Brazilian law may affect its Advisory Clients' ability to own and acquire forestry assets in Brazil.

Currency Risk

BTG TIG's Advisory Clients' international investments are subject to exposure to currency fluctuations that could affect the return on investment. It cannot provide assurance that certain foreign countries will not impose restrictions in the future on the movement of their currencies or U.S. dollars across local borders or the convertibility of such foreign currencies to U.S. dollars. Such restrictions could limit BTG TIG's ability to make distributions and could adversely affect its Advisory Clients' rate of return.

Environmental and Regulatory Considerations

The environmental and forest products industry is subject to extensive environmental regulation and complex regulatory regimes that are continuing to develop and evolve. Changes to existing and developing regulations and policies could negatively impact the scarcity, liquidity, and price of and demand for BTG TIG's Advisory Client's investments, which could have a negative impact



on anticipated returns to its Advisory Clients. Additional regulations may result in increased costs, reduced operating flexibility and additional capital expenditures. Further, its environmental reviews may not discover all possible environmental or regulatory issues.

Fire, Wind and Other Weather and Pest Damage to Assets

BTG TIG's Advisory Clients' investments in timber, and other environmental assets, are subject to a number of natural hazards including damage by fire, wind, insects and diseases or soil infertility. Severe weather conditions and other natural disasters may also destroy or reduce productivity of environmental investments and timberland assets and may interfere with the processing and delivery of timber and environmental products.

Focus on Early Stage Markets

Certain of BTG TIG's Advisory Clients' investments may be in environmental or wood markets that are in their early stages and therefore have inherently greater risk than more established markets and businesses. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by BTG TIG's Advisory Clients will be successful. The regulatory and voluntary regimes under which certain environmental assets are created are in their early stages and may change significantly. These changes may adversely affect its Advisory Clients' ability to obtain profitable returns.

Lack of Diversification of Investments

Although BTG TIG intends to achieve investment diversification for its Advisory Clients, it is possible that it may identify one or more investments that would be substantial in size relative to the total amount of investments. As a consequence, the aggregate returns realized by a particular investment could be materially adversely affected by the unfavorable performance of one of these substantial investments.

Restricted Nature of Investment Positions; Lack of Liquidity

Generally, there will be no readily available market for a substantial number of BTG TIG's Advisory Clients' investments, and hence, most of Advisory Clients' investments will be difficult to value. The markets into which certain Advisory Clients' investments may be sold may be extremely limited and/or thinly traded. Advisory Clients' investments in timberland and other environmental assets will be subject to numerous restrictions on transferability and resale. Because there are few participants in these markets and little trading activity among those participants, it may be difficult for Advisory Clients' to develop derivative structures related to environmental products, limiting Advisory Clients' ability to generate income from trading activity. Thus, BTG TIG's Advisory Clients' investments are likely to be illiquid and long-term.

Competition for Environmental Assets and Timberland Investments

Investing in environmental assets and timberland is a highly competitive enterprise. Identifying attractive timberland investments is difficult and involves a high degree of uncertainty. There can



be no assurance that BTG TIG's Advisory Clients will be able to fully invest their committed capital within the commitment period for such investment or any extension thereof.

Forestry Business Competition

The forestry business is highly competitive. Competitive factors generally include price, species and grade, proximity to wood consuming facilities, ability to meet delivery requirements, availability of substitute products, and supply and demand in the relevant domestic or international market. In addition, during the term of the investment, BTG TIG's Advisory Clients may experience increasing competition from currently underutilized sources of supply and species of trees.

Cyclical Nature of Timberland Values

Prices for standing timber have been, and in the future can be expected to be, subject to cyclical fluctuations. Accordingly, there can be no assurance that the future market value of timber will be equal to or higher than the value currently prevailing, nor can there be any assurance that the historical long-term investment returns of timberland can be maintained.

Long-Term Source of Supply Contracts

As part of the Adviser's marketing strategy for the sale of timber, BTG TIG may negotiate long-term supply contracts, which guarantee a stable flow of timber at market prices. Such contracts may require that logs be delivered at a lower price than the prevailing spot market prices and, therefore, cause Advisory Clients to miss certain market opportunities possibly resulting in an adverse impact on such Advisory Clients short-term returns.

Dependence on Property Managers

BTG TIG will monitor the performance of its investments, certain investments may be partially the responsibility of third-party property managers to manage the investments on a day-to-day basis. The Advisory Client's results of operations, including their ability to make payments on any indebtedness, will depend to some degree on the ability of these property managers to operate investments on economically favorable terms. There can be no assurance that the management teams of property management firms employed by the Advisory Client will be able to operate each of the investments successfully. Moreover, the risks of dependence on property management firms are different by property type and by investment stage. Property managers may provide management services to properties owned by others that compete with one or more of the investments of the Advisory Client. As a result, these managers may at times face conflicts of interests in the management of Advisory Client investments and non-Advisory Client properties managed by such managers. Property managers may receive a base management fee based upon gross revenues. Such fee arrangements with a manager may create an incentive for the investment to be managed in a manner that is not consistent with the Advisory Client's objectives.



For a complete discussion of the particular risks and strategy associated with investing, Advisory Clients and investors should refer to the applicable governing documents.

Potential Conflicts of Interests

Instances may arise where the interests of BTG and its affiliates conflict with the interests of an Advisory Client and its investors. There can be no assurance that BTG will resolve any conflict of interest in a manner that is favorable to a particular Advisory Client. In addition to the conflicts of interest discussed elsewhere in this Brochure, the following discussion enumerates certain (but not all) potential conflicts of interest:

Relationship with BTG and Funds, Accounts and Vehicles Managed by BTG

BTG sponsors or manages other investment funds, accounts and vehicles, which it is currently investing on behalf of investors and/or BTG, and will sponsor or manage other funds, accounts and vehicles in the future. Such funds, accounts or vehicles will from time to time make investments that would be suitable for an Advisory Client. In addition, as a financial institution with a sizeable balance sheet and sizeable principal trading operations, investment banking, asset management and advisory businesses, BTG makes investments for its own account.

BTG and/or other funds, accounts, vehicles and clients managed or advised by BTG may also enter into transactions that BTG determines may present a potential conflict of interest with transactions executed on behalf of an Advisory Client. For example, an Advisory Client may sell an investment that is simultaneously being purchased for BTG and/or other funds, accounts, vehicles and clients managed or advised by BTG. Such conflicting activities take place for a variety of reasons, including, without limitation, differing liquidity needs, risk parameters and overall investment objectives of the various accounts.

BTG and other funds, accounts, vehicles and clients managed or advised by BTG may invest in different parts of the capital structure of a company or other issuer in which an Advisory Client invests. For example, with respect to an Advisory Client's investments in certain companies, BTG and other funds, accounts, vehicles or clients managed or advised by BTG may invest in different classes of debt issued by the same companies and/or own some or all of the equity securities of such companies. The interests of BTG and other funds, accounts, vehicles and clients managed or advised by BTG will not in all cases be aligned with an Advisory Client, which at times create actual or potential conflicts of interest or the appearance of such conflicts. In that regard, actions may be taken by BTG and other funds, accounts, vehicles or clients managed or advised by BTG that are adverse to an Advisory Client. In addition, where an Advisory Client, BTG and other funds, accounts, vehicles or clients managed or advised by BTG invest in different parts of the capital structure of a portfolio company, their respective interests could diverge significantly in the case of financial distress of the company. In addition, it is possible that in a bankruptcy proceeding an Advisory Client's interest may be subordinated or otherwise adversely affected by virtue of the involvement and actions of BTG and other funds, accounts, vehicles and clients managed or advised by BTG relating to their investments. In this circumstance, for example, if such portfolio



company goes into bankruptcy, becomes insolvent or is otherwise unable to meet its payment obligations or comply with its debt covenants, conflicts of interest arise between the holders of different types of securities as to what actions the portfolio company should take. Moreover, as a consequence of BTG Pactual's status as a public company, the officers, directors, members, managers, operating executives and Staff Members of BTG may take into account certain considerations and other factors in connection with the management of the business and affairs of an Advisory Client and its affiliates that would not necessarily be taken into account if BTG Pactual was not a public company.

Certain members of the investor advisory committee of an Advisory Client own securities of, or have various business and other relationships with, BTG and its partners, Staff Members and affiliates, including indirectly receiving the benefit of a share of certain fees earned by BTG (which may require approval of the investor advisory committee of an Advisory Client). The presence of these other interests and relationships may influence their decisions as members of such committee and create conflicts of interests with respect thereto.

No Assurance of Ability to Participate in Investment Opportunities

Subject to the limitations set forth in the governing documents of an Advisory Client, BTG and its affiliates advise other investment funds, accounts, vehicles, and clients having objectives similar, in whole or in part, to those of an Advisory Client, including other funds, accounts and vehicles in which BTG has an interest. BTG and its affiliates hold interests in, and/or furnishes advisory, consulting and/or management services to, other persons or entities with respect to investments similar to or different from investments of an Advisory Client. In addition, subject to certain limitations, BTG will likely form or advise one or more new investment funds, accounts, vehicles or clients, which may have similar or different investment strategies than an Advisory Client. An Advisory Client will generally not have any rights to investment opportunities in relation to the rights of such other funds, accounts, vehicles or clients and to the extent of overlapping investment objectives, opportunities could be allocated to or shared with one or more of such other funds, accounts, vehicles or clients.

Investment Banking, Advisory and Other Client Relationships

In the course of its investment banking or advisory business, BTG represents potential issuers, purchasers, sellers and other involved parties with respect to investments that may be suitable for an Advisory Client. In such a case, the client may require BTG to act exclusively on its behalf, thereby precluding an Advisory Client from making such investment. BTG will be under no obligation to decline such engagements in order to make the investment opportunity available to an Advisory Client. In connection with its advisory business, BTG comes into possession of information that limits its ability to engage in potential transactions, and as a result an Advisory Client's activities may be constrained. In certain sale assignments, the seller may permit an Advisory Client to act as a buyer or investor, which would raise certain conflicts of interest inherent in such a situation. BTG has long-term relationships with a significant number of corporations and their senior management. In addition, BTG advises other funds, accounts and



vehicles with investment objectives similar to or the same as those of an Advisory Client and strategic buyers, both of which may be in a position to compete with an Advisory Client for an investment opportunity.

BTG and its affiliates have long-term relationships with, and provide investment banking and other services to a large number of institutional clients, including private equity and hedge fund firms with whom an Advisory Client may compete. In determining whether to pursue a particular transaction on behalf of an Advisory Client, the relationships described herein will be considered by BTG, and there may be certain potential transactions that will not be pursued on behalf of an Advisory Client in view of such relationships. For example, when BTG represents a buyer seeking to make a particular investment, an Advisory Client may be precluded from making such investment. There can be no assurance that all potentially suitable investment, restructuring or disposition opportunities that come to the attention of BTG will be made available to an Advisory Client.

In addition, an Advisory Client co-invests with clients or potential clients of BTG in particular investment opportunities and the relationship with such clients could influence the decisions made by BTG with respect to such investments. Certain co-investors co-investing with an Advisory Client invests on different (and more favorable) terms to those applicable to such client and may have interests or requirements that conflict with and adversely impact such client (for example, with respect to the timing of acquisitions and dispositions or control rights). An Advisory Client may participate in investments on different and potentially less favorable terms than its co-investors if BTG deems such participation as being otherwise in such client's best interests. This would have an adverse impact on an Advisory Client.

Fees Payable to BTG

BTG may earn fees and other compensation from purchasers, sellers or other parties prior to or upon the closing of certain investments by a private equity Advisory Client as compensation for services, including advice on valuing, structuring, negotiating and arranging financing for such transactions and may earn fees in connection with unconsummated transactions. Other compensation may include warrants to purchase an equity interest or other securities in the company for which the transaction is being undertaken. BTG also may provide services to timberland assets in which an Advisory Client invests, including property management services, and BTG generally will be paid fees for such services. Generally, none of BTG's fees for any of the foregoing will be shared with an Advisory Client. The fee potential inherent in a particular investment or transaction could be viewed as an incentive for BTG to seek to refer or recommend an investment or transaction to an Advisory Client.

Other Affiliate Transactions

From time to time an Advisory Client may engage, and in the past has engaged, in transactions with BTG and its affiliates (including its affiliated broker-dealer and other accounts, funds or vehicles of BTG) including by purchasing portfolio investments from or through BTG as principal,



or co-investing with BTG and its affiliates in portfolio companies, and investing in entities in which BTG or its affiliates hold material investments. BTG has established policies and procedures to comply with the Advisers Act when engaging in principal transactions with an Advisory Client. In particular, an Advisory Client, acting through an investor advisory committee, independent board of directors or a majority in interest of its investors, receives notice of the principal transaction and consents to such transaction prior to settlement of the subject principal transaction.

In addition, with respect to certain private equity funds managed by the Adviser, following any closing of subscriptions for interests in any such private equity fund, such private equity fund can purchase from BTG interests in companies that have been previously made by BTG and that are within such private equity fund's investment objectives. With respect to these transactions, BTG may in its discretion transfer some or all of such investments to an Advisory Client at cost plus the carrying cost, notwithstanding that the fair market value of such investments may have declined below or increased above cost as of the time of such transfer. Details of any such transaction typically are disclosed in the governing documents of an Advisory Client. A private equity fund may also make portfolio investments where BTG or the private equity fund has entered into an agreement or an agreement in principle with a potential portfolio company, in each case prior to the final closing of such private equity fund. Any such transaction will be made only on terms, including the consideration to be paid, that are determined by BTG to be appropriate for the Advisory Client.

Conflicts of interest may arise in connection with any co-investment or other affiliate transactions (including with respect to the timing, structuring and terms of such investment and its disposition). In addition, conflicts may arise in determining the amount of an investment, if any, to be allocated among potential investors and the respective terms thereof. There can be no assurance that the return on an Advisory Client's investment will be equivalent to or better than the returns obtained by such other affiliates participating in the transaction. Further conflicts could arise once an Advisory Client and other affiliates have made their respective investments. If additional financing is necessary as a result of financial or other difficulties, it may not be in the best interests of an Advisory Client to provide such additional financing.

From time to time BTG may provide interim acquisition financing or other forms of credit in connection with an investment by, or otherwise act as a lender to, a company in which an Advisory Client invests. An Advisory Client, or its portfolio companies, also directly or indirectly may borrow money from BTG. In addition, an Advisory Client and portfolio companies also participate as a counterparty with or as a counterparty to BTG or an investment vehicle formed by it in connection with currency and interest rate hedging, derivatives (including but not limited to swaps and forwards of all types) and other transactions. By executing a subscription agreement or other similar agreement for interests in an Advisory Client, an investor will consent to all such counterparty transactions with BTG. It is possible that BTG's interests as a lender or counterparty conflict with those of an Advisory Client and the interests of its investors. There is no assurance that such conflicts of interest will be resolved in favor of an Advisory Client. BTG



may encounter conflicts where, for example, a decision regarding the acquisition, holding or disposition of an investment is considered attractive or advantageous for an Advisory Client yet poses a risk of economic loss of principal to BTG as lender or counterparty. If such conflicts arise, investors should be aware that certain business units of BTG may act to protect BTG's own interests as a lender or counterparty ahead of an Advisory Client's investment interests.

BTG or its related persons may act, and in the past has acted, as underwriter or placement agent in connection with an offering of securities by companies in which an Advisory Client has invested. BTG also, on behalf of an Advisory Client, may effect, and in the past has effected, transactions where BTG is also acting as a broker on the other side of the same transaction, and has a potential conflict of interest regarding such Advisory Client and the other parties to those transactions. Where the Advisory Client has consented to such agency cross-transactions, BTG may receive commissions, remuneration or other compensation from such agency cross-transactions. Sales of securities for the account of an Advisory Client may be bunched or aggregated with orders for other accounts of BTG, including other investment partnerships. It is frequently not possible to receive the same price or execution on the entire volume of securities sold, and the various prices may be averaged, which may be disadvantageous to an Advisory Client. BTG will approve any such transactions in which BTG acts as an underwriter, as broker for an Advisory Client, or as broker or advisor on the other side of a transaction with an Advisory Client or bunches or aggregates transactions with others only where it believes such transactions are appropriate for such Advisory Client and, by executing a subscription agreement or other similar agreement for interests in an Advisory Client, investors will consent to all such transactions, along with the other transactions involving conflicts of interest described in the offering documents with respect to such Advisory Client, to the fullest extent permitted by law.

In addition, from time to time, BTG may seek, and in the past has sought, to effect a purchase or sale of an investment between an Advisory Client and one or more other funds, accounts and vehicles managed by BTG. BTG may cause, and in the past has caused, such transactions to be effected without prior consent (including without the consent of any investor advisory committee, independent board or investor) to the extent permitted by applicable law.

Side Letters

BTG enters into side letters or other similar agreements with particular investors with respect to an Advisory Client without the approval of any other investor, which has the effect of establishing rights under, altering or supplementing, the terms of the governing agreement and subscription agreement of an Advisory Client with respect to such investor in a manner more favorable to such investor than those applicable to other investors. Such rights or terms in any such side letter or other similar agreement include, without limitation, (i) excuse or exclusion rights applicable to portfolio investments or transfer or withdrawal rights with respect to an Advisory Client, including without limitation, as a result of an investor's specific policies or certain violations of federal, state or non-U.S. laws, rules or regulations, such as so-called "pay-to-play" rules with respect to public pension plan investors, (which may materially increase the percentage interest



of other investors in, and their contribution obligations, for future investments and expenses, and reduce the overall size of an Advisory Client), (ii) additional or modified reporting obligations of BTG and its Advisory Client, (iii) waiver of certain confidentiality obligations, (iv) prior consent of BTG to, or facilitation of, certain transfers by such investor, (v) rights or terms necessary in light of particular legal, regulatory or policy characteristics of an investor, (vi) certain adjustments with respect to economic terms and privileges (including potential mandatory waiver of compensation as a result of certain violations of law with regard to public pension plan investors and inclusion of different types of fee income in the calculation of the management fee offset with respect to certain investors), (vii) additional obligations and restrictions of BTG and its Advisory Client with respect to the structuring of any portfolio investment in light of the legal, tax and regulatory considerations of particular Investors, (viii) priority co-investment rights and preferred co-investment terms, (ix) agreements to assist with the taking or defending of tax positions, (x) certain extensions or other adjustments with respect to time periods for making capital contributions or other deadlines set forth in the governing agreement of an Advisory Client, and (xi) certain restrictions on BTG with respect to the exercise of its discretion on certain matters, including amendments, exercising default remedies, waiving confidentiality or terms and allocation of co-investment opportunities.

Service Providers

Certain advisors and other service providers, or their affiliates, (including accountants, developers, property managers, administrators, lenders, bankers, brokers, attorneys, consultants, investment or commercial banking firms and certain other advisors and agents) to an Advisory Client and its portfolio companies may also provide goods or services to or have business, personal, political, financial or other relationships with BTG. Such advisors and service providers may be investors in an Advisory Client, affiliates of BTG, sources of investment opportunities or co-investors or counterparties therewith. BTG may not, on behalf of an Advisory Client, contract with an affiliated service provider unless valid consent has been obtained from, proper notification has been provided to, or proper disclosure has been provided to (as applicable) the relevant Advisory Client as required under such Advisory Client's applicable governing document. For the avoidance of doubt, charges by an affiliate service provider may be accrued but in any event may not be paid until receipt of such approval. These relationships may influence BTG in deciding whether to select or recommend such a service provider to perform services for an Advisory Client and its portfolio companies (the cost of which will generally be borne directly or indirectly by such Advisory Client or such portfolio company, as applicable). Notwithstanding the foregoing, investment transactions for an Advisory Client that require the use of a service provider will generally be allocated to service providers on the basis of BTG's judgment as to best execution or quality of service, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that BTG believes to be of benefit to the Advisory Client. In certain circumstances, advisors and service providers, or their affiliates, may charge different rates or have different arrangements for services provided to BTG or its affiliates as compared to services



provided to an Advisory Client and its portfolio companies, which may result in more favorable rates or arrangements than those payable by an Advisory Client or such portfolio companies.

ITEM 9: DISCIPLINARY INFORMATION

The Firm and its supervised persons have not been involved in any legal or disciplinary events that are material to an Advisory Client, investor or potential investor's evaluation of our advisory business or the integrity of the Firm's management. However, the Firm has disclosed administrative proceedings against certain of its Advisory Affiliates in Item 11 of Part 1 of its ADV fling.

- a) Criminal or civil action
 - None
- b) Administrative proceeding
 - None
- c) Self-regulatory organization (SRO) proceeding
 - None

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

- a) Registered Broker-Dealer or Registered Representative
 - Please refer to Item 8 for information on transactions with the Adviser's affiliated broker-dealer.
- b) FCM, CPO, CTA or Associated Person
 - Not Applicable

The Firm is associated with the following related persons:

- c) Material Business Relationships with Certain Related Persons
 - 1. BTG is affiliated through common control with the following entities that act as General Partners of Advisory Clients advised by BTG:
 - BTG Pactual Global Rates GP, Ltd.
 - BTG Pactual Carry LP
 - BTG Pactual Rates GP Ltd
 - BTG Pactual Prop GP, Ltd
 - BTG Pactual GDO GP, Ltd



- BTG Pactual Timberland Fund I General Partner Ltd
 - BTG Pactual Open Ended Core U.S. Timberland Fund GP, LLC
 - AAFES Timber Management, Inc
2. BTG is affiliated with BTG Pactual Global Asset Management Ltd, an investment adviser that acts as the primary adviser of fund portfolios sub-advised by BTG. BTG Pactual Global Asset Management Ltd is registered as a commodity pool operator with the United States Commodity Futures Trading Commission and a member of the National Futures Association.
3. BTG is affiliated through common ownership with the following entities' broker-dealers services:
- BTG Pactual Casa de Bolsa S.A., de C.V.
 - BTG Pactual US Capital LLC
 - BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.
 - Banco BTG Pactual S.A.
 - BTG Pactual Argentina S.A.
4. BTG is affiliated through common ownership with the following entities that provide investment advisory services:
- BTG Pactual Asset Management S.A. DTVM
 - BTG Pactual WM Gestão de Recursos Ltda.
 - BTG Pactual (UK) Limited
 - BTG Pactual Gestora de Recursos LTDA
 - BTG Pactual Gestora de Inv. Alternativos LTDA
 - BTG Pactual Gestora De Fondos S.A. De C.V.S.O.F.I.
 - BTG Pactual Timberland Investment Group, LLC
 - BTG Pactual Global Asset Management Ltd

BTG Pactual Timberland Investment Group, LLC manages (and/or makes investment recommendations with respect to) certain assets of the Advisory Clients, subject to the direction of, and policies established by, BTG Pactual Asset Management US, LLC.

d) Recommendation and Selection of Other Investment Advisers

- Not applicable



ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics & Personal Trading

BTG's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Adviser's Act. The Code sets forth a standard of business conduct that takes into account BTG's status as a fiduciary and requires the Firm to place the interests of Advisory Clients and investors above its own interests. The Code requires Staff Members to comply with applicable federal securities laws and requires Staff Members to promptly bring violations of the Code to the attention of the Firm's Compliance Department. Staff Members are provided with a copy of the Code and are required to acknowledge receipt of the Code periodically.

The Code sets forth the Firm's controls over personal trading and also describes BTG's policies regarding the protection of confidential information. Staff Members are specifically prohibited from using their knowledge about pending transactions or investments currently being considered for personal profit, including by purchasing or selling such securities directly or indirectly. Further, all Access Persons (as defined in the Code) must periodically provide reports detailing personal securities transactions as well as securities holdings. Such reports will be reviewed by the Chief Compliance Officer ("CCO") or the CCO's designee to ensure compliance with the Code.

BTG forbids all Staff Members from trading, either personally or on behalf of others, including Advisory Clients, on material non-public information ("MNPI") or communicating MNPI to others in violation of the law. This conduct is frequently referred to as "insider trading." This policy applies to all Staff Members and extends to activities within and outside his or her duties at BTG.

Investors or prospective investors may obtain a copy of the Code by contacting the Adviser via e-mail at funds@btgpactual.com.

Conflicts of Interest

BTG, its officers, members and Staff Members may invest in certain Advisory Clients for which the Firm serves as investment manager or adviser. In addition, the Firm's affiliated and related parties may have conflicts of interest in allocating their time between management of the Advisory Clients and other activities, in allocating investments among the Advisory Clients, and in effecting transactions for the Advisory Clients, including ones in which the affiliated and related parties may have a greater financial interest.

BTG, its affiliates, and each of their respective directors, members, partners, shareholders, officers and Staff Members are not prohibited from conducting other business, including other business within the securities industry, whether or not such business is in competition with the Advisory Clients. For example, subject to the Code and applicable securities laws, BTG and such affiliated and related parties may act (and do act) as general partner, investment adviser or



investment manager for more than one Advisory Client, may have, make and maintain investments in their own name or through other entities and may serve (and do serve) as an officer, director, consultant, partner or stockholder of one or more investment funds, issuers, securities firms or advisory firms. Such other entities or accounts may have investment objectives or may implement investment strategies similar to or different from those of the Advisory Clients. In addition, affiliated and related parties may, through other investments, have interests in securities in which the Advisory Clients invest as well as interests in securities in which the Advisory Clients do not invest. The affiliated and related parties may give advice or take action with respect to such other entities that differs from the advice given or action taken with respect to one or more Advisory Clients.

Although investments by BTG, its affiliates and their related persons alongside investors in the Advisory Clients can strengthen the alignment of interests between BTG and its Advisory Clients, any significant ownership interest by BTG, its affiliates, and their related persons in an Advisory Client could motivate BTG to make different investment decisions from those that would have been made otherwise. For example, BTG investment Staff Members may have an incentive to allocate more profitable investments to Advisory Clients in which they and their related persons have investments, or to trade the portfolios of those Advisory Clients first.

BTG will, from time to time, be presented with investment opportunities that fall within the investment objective of an Advisory Client, the investment objectives of BTG as a principal investor, and/or the investment objectives of other investment funds, accounts, vehicles and clients sponsored, managed or advised by BTG. Not all investments which are within the primary investment focus of an Advisory Client will be allocated to an Advisory Client, and the governing documents of an Advisory Client allows BTG to make such investments away from such Advisory Client, or allocate them to others, in certain circumstances. Investments determined to be outside an Advisory Client's primary investment focus as well as investments that are determined in good faith by BTG are not suitable for such Advisory Client may be made away from such Advisory Client.

Even if an investment manager has no incentive to favor one Advisory Client over another, the interests of one Advisory Client may conflict with those of another Advisory Client. A limited investment opportunity, for example, might be suitable to one or more Advisory Clients. In that case, BTG seeks to allocate the investment opportunity among relevant Advisory Clients pro rata based on assets under management or in some other manner that is fair and equitable under the circumstances to relevant Advisory Clients.

BTG has established trade allocation policies and procedures addressing BTG's duties to allocate investment opportunities among Advisory Clients on a basis that BTG determines in good faith is appropriate or desirable in its sole discretion. Most investment opportunities that satisfy the investment parameters of a particular Advisory Client will be allocated exclusively to that particular Advisory Client. In certain cases, however, an investment opportunity may be



appropriate for more than one Advisory Client. If an investment opportunity will be allocated, BTG will, to the extent practicable, determine that the allocation is made on a basis that BTG determines in good faith is appropriate or desirable in its sole discretion taking into account the relevant facts and circumstances and parameters of the governing documents of the investment fund advised by BTG (or investment management agreement in the case of a managed account), the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals for each such Advisory Client, legal, tax and regulatory matters, portfolio diversification concerns, the specific nature of the investment, the risk-return profile of the investment, client relationships, the source of the investment opportunity, its contractual and legal obligations to BTG's security-holders and its other managed vehicles, accounts, clients and investors and the nature of their investment focus, its investment allocation policies and procedures, the relative amounts of capital available for investment, the participation by strategic co-investors and other considerations deemed relevant by BTG. The outcome of this determination may result in the allocation of all of an investment opportunity to an Advisory Client, or may result in such Advisory Client co-investing alongside BTG and/or other funds, accounts, vehicles, strategic investors or clients managed or advised by BTG and other co-investors, in either the same or different parts of the portfolio company's capital structure. Allocation of identified investment opportunities among an Advisory Client, BTG and other funds, accounts, vehicles, strategic investors and clients managed or advised by BTG and other co-investors presents inherent conflicts of interest where demand exceeds available supply. Investors should note that the conflicts inherent in making such allocation decisions may not always be resolved to the advantage of the Advisory Client. As a result of the foregoing, not all amounts available to an Advisory Client or to BTG relating to an investment opportunity will be presented to such Advisory Client. In certain situations, participation of multiple Advisory Clients in a single transaction may require consent of the investor advisory committee or the investors of the participating Advisory Clients (or duly appointed representative in the case of a Managed Account). Allocation decisions are periodically reviewed to determine such decisions are made on a basis that BTG determines in good faith is appropriate or desirable in its sole discretion. BTG's policies prohibit the allocation of investment opportunities based on anticipated compensation or profits to the Firm, any affiliates or their professionals.

BTG permits one or more strategic investors to invest in transactions in which an Advisory Client invests if BTG determines in good faith that their investment would be beneficial in consummating such Advisory Client's investment (including where an investor can invest or commit to invest a significant amount of capital in a short period of time), successfully operating the portfolio company or its assets, disposing of the investment or otherwise adding value to the investment because of certain skills or attributes of the strategic investor.

BTG may in its sole and absolute discretion give investors in an Advisory Client or third parties the opportunity to co-invest in a particular investment, including where BTG determines a portion of the equity required would unreasonably limit diversification of an Advisory Client.



Subject to BTG's allocation policies and the governing documents of an Advisory Client, in general, (i) certain investors in an Advisory Client have a right to participate in any co-investment opportunity pursuant to their side letter, (ii) decisions regarding whether and to whom else to offer co-investment opportunities are made in the sole discretion of BTG or other participants in the applicable transactions, (iii) co-investment opportunities may, and typically will, be offered to some and not other investors of an Advisory Client, (iv) certain persons other than investors in an Advisory Client may be offered co-investment opportunities, in the sole discretion of BTG, and (v) co-investors may purchase their interests in a portfolio company at the same time as an Advisory Client or may purchase their interests from an Advisory Client after such Advisory Client has consummated its investment in the portfolio company (also known as a post-closing sell down or transfer). As a general matter, BTG, in determining the allocation of co-investment opportunities, generally expects to take into account various facts and circumstances BTG deems relevant, including among others, whether a potential co-investor has expressed interest in evaluating co-investment opportunities, whether a potential co-investor has a history of participating in co-investment opportunities with BTG, the size of the potential co-investor's interest to be held in the underlying portfolio company as a result of an Advisory Client's investment (which is likely to be based on the size of the potential investor's capital commitment and/or investment in an Advisory Client), whether the potential co-investor has demonstrated a long-term or continuing commitment to the potential success of BTG, an Advisory Client, or other co-investment and/or other Clients, and such other factors that BTG deems relevant under the circumstances. The allocation of co-investment opportunities may involve a benefit to BTG including, without limitation, fees or carried interest from the co-investment opportunity and capital commitments to Advisory Clients. Investors are not entitled to be offered any co-investment opportunity by virtue of their investment in a particular Advisory Client. The Client may bridge such investments until capital is called from co-investors. Any capital returned from such a bridge will generally be treated as not having been contributed for purposes of an Advisory Client's governing documents. The performance of co-investments is not aggregated with that of any Advisory Client, including for purposes of determining the calculation of performance fees or management fees. BTG may or may not charge management fees, one-time funding fees and/or performance fees in respect of co-investments, as it determines in its sole discretion. As discussed in Item 8, BTG enters into side letters or other similar agreements with certain investors in connection with their admission to an Advisory Client, which includes special rights with respect to co-investment.

Pursuant to the foregoing, all or a portion of any investment opportunity within the investment objective of an Advisory Client may be allocated to other funds, accounts or vehicles advised or sponsored by BTG. BTG's exercise of its discretion in allocating investment opportunities with respect to a particular investment among various Advisory Clients may not, and often will not, result in proportional allocations among such Advisory Clients, and such allocations may be more or less advantageous to some Advisory Clients relative to other Advisory Clients. There can be no assurance that an Advisory Client's actual allocation of an investment opportunity, if any, or the



terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which BTG may be subject, discussed herein, did not exist.

ITEM 12: BROKERAGE PRACTICES

Selection of Broker-Dealers & Soft-Dollar Arrangements

The Firm has no obligation to deal with any particular broker-dealer in the execution of transactions for its Advisory Clients. In selecting broker-dealers with whom to place orders for purchases and sales of securities on behalf of our Advisory Clients, the Firm's primary objective is to obtain best price and execution – that is, prompt, errorless, execution of orders at the most favorable prices reasonably obtainable. In doing so, the Firm considers a number of factors, including, without limitation:

- the overall direct net economic result to the client (including commissions, which may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range),
- the financial strength of the broker-dealer,
- the reputation and stability of the broker,
- the efficiency with which transactions are generally executed,
- the ability to effect the particular transaction,
- the availability of the broker-dealer to stand ready to execute difficult transactions in the future, and
- other matters involved in the receipt of brokerage and research services.

BTG will also consider the quality of firms with which it seeks to execute client orders, the adequacy of lines of communication, timeliness of reports of order execution, the capacity to accommodate unusual trading volume and the preservation of client anonymity, among other factors. Although the primary consideration in allocating transactions to broker-dealers will be to obtain favorable prices and efficient executions, BTG does not have an obligation to, and does not always seek to, obtain the lowest priced execution regardless of qualitative considerations. Selecting broker-dealers on the basis of considerations that are not limited to the applicable commission rates will likely result in higher transaction costs than would otherwise be obtainable. The use of brokerage commissions to obtain research does benefit BTG since BTG would otherwise be required to produce or pay for this research out of its own pocket.

The Firm may pay higher commissions or direct trading business to a particular broker-dealer in order to receive research or other services (a practice known as "soft dollar arrangement"). Research or brokerage services that can be acquired by BTG with soft dollars include, without limitation and to the extent permitted by applicable law: (i) research reports on companies, industries and securities; (ii) economic and financial data; (iii) financial publications; (iv)



quantitative analytical software; and (v) market data related software and services. Such services will be either proprietary (i.e., created and provided by the broker-dealer) or third-party (created by a third-party but provided by the broker-dealer).

All of the Firm's soft-dollar arrangements meet the requirements of the Section 28(e) safe harbor. Because many broker-dealers do not unbundle the cost of proprietary research from the cost of execution, the option of paying separately for execution and research does not always exist. The receipt of such research products and other services and the determination of the appropriate allocation thus creates a potential conflict. While research or brokerage services obtained in this manner can be used in servicing any or all of the Firm's client accounts, such products and services tend to disproportionately benefit one or more clients relative to others based on the amount of brokerage commissions paid, the nature of the research or brokerage products and services acquired and their relative use or value for particular accounts. For example, in some cases, the research or brokerage services that are paid through a client's commissions might not be used in managing that client's account. In addition, other clients can receive the benefit, including disproportionate benefits, of economies of scale or price discounts in connection with products and services provided as a result of transactions executed on behalf of a client account for which such products and services are also used.

Broker-dealers may sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocations or may exceed the suggestions because total brokerage is allocated on the basis of all the considerations described above. A broker-dealer will not be excluded from receiving business simply because it has not been identified as providing research services.

Although BTG will make a good faith determination that the amount of commissions paid by an Advisory Client is reasonable in relation to the value of the research and brokerage services received, the research and brokerage services received may be used in servicing any or all of BTG's Advisory Clients.

Brokerage for Client Referrals

The Firm does not consider, in selecting or recommending a broker-dealer, whether the Firm or a related person receives client referrals from that broker-dealer.

Directed Brokerage

Certain Advisory Clients may recommend that we use their preferred broker-dealer(s). The Firm may agree to use such broker-dealer(s) subject to our determination that said broker-dealer provides best execution of client transactions. With regards to the Firm's wealth management discretionary accounts, the Firm may accept clients who direct us to execute transactions through a specified broker-dealer. In such cases, the Adviser may be unable to achieve the most favorable execution of client transactions. Directing brokerage may cost clients more money, such as in the



form of higher commission and other fees. For example, in a directed brokerage account, a client may receive less favorable prices on securities, or a client may pay higher brokerage commissions because the Firm may not be able to aggregate (bunch) orders to reduce transaction costs.

For most Advisory Clients, the Firm is not required to direct all of its brokerage to or through a specified broker-dealer. However, for certain wealth management discretionary accounts, the Firm may recommend that a client direct its brokerage through a broker, which in some cases may be an affiliate of the Firm. The Firm will make such a recommendation only when it believes that the broker's execution quality and overall services is adequate, its overall commission and fee rates are reasonable, and the costs represent the usual and customary rates in the industry for comparable services. Such rates will usually reflect that trades are broker-assisted trades, and rates may not be comparable if they relate to services that are not comparable. For example, such rates will not be as inexpensive as using a discount broker. In some cases, the Firm may recommend, or an Advisory Client may select, directing brokerage through a broker that is affiliated with the Firm. Such directed brokerage creates a material conflict of interest for the Firm. That is, the Firm may be reluctant to recommend unaffiliated brokers and has an incentive to recommend that a client direct its brokerage to the Firm's affiliated brokers, because the Firm or its affiliate would likely receive greater economic benefits from such arrangement compared with other brokerage arrangements. The Firm seeks to address or mitigate this conflict of interest by evaluating each direct brokerage arrangement that it may recommend, considering the commission and fee rates, assessing the suitability of such an arrangement for the specific client, making disclosures to clients, and periodically reviewing the quality of execution. Such rates and fees will not necessarily be as low as that available to the other categories of the affiliated broker's other brokerage clients, such as large-volume traders. Clients should be aware that other brokerage options are available.

Aggregation (Bunching) of Trades

Securities transactions in investment advisory accounts are normally implemented on a consistent basis across accounts. In order to accomplish this, orders are aggregated (bunched) and allocated in accordance with the Firm's Trade Allocation Policy, designed to ensure fair treatment between Advisory Clients in respect to executed trades. In addition to considerations of equity, bunching avoids placing competing orders, improves order management, and may, because of larger order size, permit some degree of price improvement relative to a series of individually placed orders. The Firm may aggregate Advisory Client orders for execution where it believes it is in the best interests of Advisory Clients to do so. BTG will not aggregate orders when it is not consistent with its duty to obtain best execution and to comply with the terms of the investment guidelines and restrictions of each Advisory Client for which trades are being aggregated. In such situations, the inability to aggregate the trade could result in an increase in transactions costs for the Advisory Client.



Trade Errors

On occasion, an error with respect to trades made on behalf of an Advisory Client account may occur (a "trade error"). BTG seeks to identify and correct any trade errors at the earliest opportunity. The Adviser seeks to ensure that any trade errors are handled with the same care and attention that goes into the investment management process ensuring applicable trade errors are compensated to an Advisory Client without undue delay. A trade error is generally an operational error in the placement, execution or settlement of a transaction. Trade errors typically do not include: (i) intentional or reckless acts of misconduct or (ii) an investment recommendation or decision resulting in poor performance, but may include inadvertent errors and negligent acts.

ITEM 13: REVIEW OF ACCOUNTS

The Adviser has detailed knowledge of the investments in each Advisory Client. The Advisory Client portfolios are under continuous review by the investment professionals responsible for such account and seek to ensure that transactions are within the parameters of the various investment mandates. The compliance and operations departments periodically review the portfolios for most Advisory Clients.

Wealth management portfolios, both discretionary and non-discretionary, also receive regular reviews by the heads of wealth management and the respective account managers.

All Advisory Clients receive or have the option to receive monthly or quarterly reports. Wealth management clients have access to their portfolio provided by their custodian banks and also have the option of receiving monthly reports from the Firm or more frequent access through an internet client portal. The nature of monthly and quarterly reports to Advisory Clients and wealth management clients depends on the terms of the governing documents of such clients' accounts and/or the requirements of any exchange or market on which their securities are admitted to trade or the relevant management agreement. Some Advisory Clients are typically provided with written annual audited financial statements.

Private fund investors will receive reports as disclosed in the offering memoranda of each private fund. Audited Financial Statements are sent to private fund investors within either 90 or 120 days of the financial year end, depending upon the private fund's requirements.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

From time to time the Firm may engage, and in the past has engaged, third-party marketers or solicitors to refer potential investors to private funds, investment vehicles and/or managed accounts. In the past, the Firm has engaged a third-party solicitor to refer clients to certain BTG TIG funds. As compensation for its services, the solicitor will receive a portion of the investor's



fees paid to the Adviser. All solicitation agreements comply with the conditions and requirements of Rule 206(4)-3 under the Advisers Act.

ITEM 15: CUSTODY

Due to certain arrangements, BTG may be deemed to have custody of some Advisory Client assets within the meaning of Rule 206(4)-2 under the Advisers Act. BTG does not have custody of most non-discretionary wealth management separate accounts within the meaning of Rule 206(4)-2 under the Advisers Act. Qualified custodians send investors account statements and all investors should review these statements carefully and should immediately contact BTG if account statements are not received from the custodian on at least a quarterly basis. To the extent BTG, pursuant to the relevant advisory contract or otherwise, separately provides reports or account statements, investors should compare BTG's statements carefully to the account statements received from the custodian. If there are any discrepancies between the account statements, please contact the Firm immediately. In addition, some of the Firm's Advisory Clients are generally (1) audited at least annually and (2) the audited financial statements are prepared and distributed to all investors in accordance with Rule 206(4)-2.

ITEM 16: INVESTMENT DISCRETION

The Firm manages Advisory Client assets on a discretionary basis with the authority to determine what investments are made, as well as when and how they are made, in accordance with the investment guidelines, policies and restrictions set forth in the various governing documents. The Firm also provides investment advice to wealth management Advisory Clients on both a discretionary and non-discretionary basis.

Prospective investors are provided with relevant governing documents prior to their investment and are encouraged to carefully review such materials to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors should also consult with their legal, tax, or other advisors prior to making any investment.

As noted in Item 4 above, BTG has established, and may in the future establish, managed accounts for large or strategic investors. These account agreements may place limitations on the Adviser's discretionary investment authority, including limitations on objectives, guidelines, and restrictions.

ITEM 17: VOTING CLIENT SECURITIES

a) Proxy Voting Authority

The U.S. Securities and Exchange Commission adopted Rule 206(4)-6 under the Advisers Act, which requires registered investment advisers that exercise voting authority over Advisory Client securities to implement proxy voting policies. In accordance with such rules, BTG has:



- Adopted and implemented written policies and procedures reasonably designed to ensure that the adviser votes client securities in the clients' best interests. Such policies and procedures must address the manner in which the adviser will resolve material conflicts of interest that can arise during the proxy voting process;
- Disclose to clients how they may obtain information from the adviser about how the adviser voted with respect to their securities; and
- Describe to clients the adviser's proxy voting policies and procedures and, upon request, furnish a copy of the policies and procedures.

BTG's general policy is to vote proxy proposals, amendments, consents or resolutions relating to Advisory Client securities (collectively, "proxies"), in a manner that serves the best interests of the Advisory Clients, as determined by BTG in its discretion.

BTG has retained Institutional Shareholder Services ("ISS") and ProxyEdge to provide reporting, proxy execution and recordkeeping services. BTG generally follows the voting recommendations of the portfolio manager. Additionally, BTG may abstain from voting or affirmatively decide not to vote if BTG determines that abstaining or not voting is in the best interests of the Advisory Clients.

At times, conflicts may arise between the interests of the Advisory Clients, on the one hand, and the interests of BTG or its affiliates, on the other hand. If BTG determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, it will address matters involving such conflicts of interest as follows:

1. Vote the proxy in accordance with BTG's proxy policies;
2. Disclose the conflict to the Advisory Client(s), providing sufficient information regarding the matter and the nature of the Firm's conflict, and obtaining consent before voting;
3. Employ an outside service provider to advise in the voting of the proxy; or
4. Decline to vote the proxy because the cost of addressing the potential conflict of interest is greater than the benefit to the Advisory Clients of voting the proxy.

BTG will document all instances where a proxy involved a conflict of interest, including the nature and the circumstances of the conflict, the steps taken by the Firm to resolve the conflict of interest, and the vote(s) as a result. Votes on all matters are determined on a case-by-case basis



and consideration is given to both the short and long term implication of the proposal to be voted on.

b) Client Proxy Voting Authority

BTG operates a policy of exercising proxies for Advisory Clients as permitted within governing documents. Voting policy is undertaken at all times in the best interests of the Advisory Clients and for their benefit.

Investors that wish to obtain a copy of BTG's proxy voting policy or proxy voting history should contact BTG by calling 212-293-4600.

ITEM 18: FINANCIAL INFORMATION OF THE ADVISER

No financial events have occurred to BTG that would negatively affect the financial viability of the Firm. There is no financial condition of BTG that is reasonably likely to impair BTG's ability to meet contractual commitments to clients. In an effort to be transparent to all investors, please see the below disclosure regarding Banco BTG Pactual SA's ("Banco BTGP") recent credit ratings. Banco BTGP is the ultimate parent company of the Firm. Banco BTGP's credit rating is not likely to impair the Firm's ability to meet its contractual commitments to clients.

a) Financial Disclosures

- Not applicable

b) Material Financial Impairment

- Not applicable to the Firm

c) Bankruptcy Petitions

- Not applicable

Financial disclosure regarding Banco BTG Pactual:

As of December 2019, Banco BTGP's ratings on the long-term global scale were:

- Moody's: Ba3
- Standard & Poor's: BB-
- Fitch Ratings: BB-