Institutional Policy	
Management Area ***Compliance* and Risk Management**	Version **02**
Subject **Risk Management Policy**	Publication Date **06/30/2025**
Scope **Limited to CapSigma Investment Partners Ltda**	

RISK MANAGEMENT POLICY

1. INTRODUCTION

This risk management policy ("Risk Management Policy" or "Policy") aims to establish the set of principles, guidelines, actions, roles and responsibilities necessary for the identification, assessment, monitoring, treatment and control of exposure to the risks to which **CAPSIGMA INVESTMENT PARTNERS LTDA.** ("Manager") is exposed, as well as the monitoring of the business developed, in order to ensure adherence to legislation and best market practices, strengthening the bases of mutual trust between companies, clients, companies with which the Manager carries out operations, and regulatory bodies.

This Policy was prepared in accordance with Manager's internal policies, including the Code of Ethics and the Internal Controls Manual (collectively, "Internal Policies"), and is in compliance with Securities and Exchange Commission ("CVM") Resolution No. 21, of February 25, 2021 ("CVM Resolution 21"), and the ANBIMA Code of Regulation and Best Practices for the Management of Third-Party Funds.

This Risk Management Policy describes, among other things: (i) the procedures for identifying and monitoring the exposure of portfolios to various types of risk; (ii) the techniques and methods for pricing assets; (iii) the limits of exposure to risk; the professionals involved; (iv) the frequency of the risk exposure report; and (v) the frequency for reviewing the Policy.

The person responsible for this Risk Management Policy is the officer in charge of Manager's *compliance* and risk area ("Chief Compliance Officer" and "Risk Area", respectively), who shall be responsible for (i) verifying compliance with this Policy; (ii) forwarding a report on the risk exposure of each securities portfolio under Manager's management ("Risk Report") to the persons and at the intervals indicated below; and (iii) diligently supervising, if any, a third party hired to measure the risks inherent in each of the securities portfolios.

2. RISK MANAGEMENT STRUCTURE

2.1. Risk Area

The Manager's Risk Area is responsible for risk management and the implementation of this Policy. The Risk Area will monitor, measure and adjust the risks of the investment vehicles managed by the Manager, which must be carried out diligently, without compromising transparency and evidence of the risks identified.

The Risk Area is currently made up of the Chief Compliance Officer and an analyst, compatible with the structure and complexity of the Manager. The functions of the Risk Area are:

- Oversight of this Policy, the limits, guidelines, instruments and risk management strategies;

- Implement risk management processes, procedures and parameters in accordance with internal recommendations and those of regulatory and supervisory bodies;

- Prepare Risk Reports, which must be sent to all members of the investment area of the Manager ("Investment Team") at least once a month;

- Prepare monitoring reports of investment vehicles that have exceeded their risk limit ("Monitoring Report"), which should be sent to all members of the Investment Team at least once a month;

- Diligently supervising, if any, a third party hired to measure the risks inherent in each of the investment vehicles managed.

The members of the Risk Area perform their duties independently, and there is no subordination of the Risk Area to the Investment Team. In this sense, the Risk Area has the necessary autonomy to question the risks assumed in operations and adopt the necessary measures. In addition, the Risk Area communicates directly with the board of directors and senior management of the Manager to report on its activities.

The Compliance Officer is included in the list of persons authorized to operate on behalf of the Manager and has the prerogative to close positions that have exceeded pre-established risk limits or framework, in the event that Management Area employees fail to adopt corrective measures in the necessary timeframe.

2.2. Investment Team

Without prejudice to the duties of the Risk Area, it shall be the responsibility of the Portfolio Manager to take all necessary steps to adjust the risk exposure of the portfolios, based on the limits set out in this Risk Management Policy and in the investment vehicles mandates and regulations.

2.3. Compliance and Risk Committee

The Manager has a *compliance* and risk committee ("Risk Committee"), which is made up of the Chief Compliance Officer and the members of the Executive Committee.

The Risk Committee meets on a quarterly basis, as well as whenever the Chief Compliance Officer deems it necessary, and is responsible for (i) assessing and deciding on all the measures to be adopted in relation to monitoring and controlling the risks to which the Funds are subject; (ii) dealing with non-compliance situations; and (iii) atypical market situations and the respective risk control measures in these situations.

All decisions taken by the Risk Committee will be formalized by means of minutes, which will be duly filed by the Risk Area.

2.4. Third Party/Contracted System

The Manager has an advanced control system for managing its portfolios. Every asset, before being traded, is analyzed with the support of a third-party system ("Risk System"). Once a limit has been created, the Risk System constantly monitors the respective portfolio and asset, automatically interacting with the user in the event of violations. Several limits can be assigned to the same type of asset and/or investment vehicle.

Using the Risk System, the Management Area creates rules and limits on customized classifications, which allows the Manager to change specific parameters for its assets, given that each type of asset can have different configurations.

Control of the limits to be defined in the Risk System is the primary responsibility of the Manager's Portfolio Manager and its supervision is the responsibility of the Chief Compliance Officer.

Nevertheless, the Manager also has internal limits defined periodically by the Investment Team, which defines the maximum exposure limit for each asset, including it in a table of internal limits, which is reported to the Risk Area for monitoring and inspection.

Internal exposure limits are more restrictive than those imposed by regulatory and self-regulatory bodies. These are monitored by the Compliance Area and sent to the Investment Team, so trader and investment analysts are fully aware of the daily limits for that can act.

3. MARKET RISK

This is the risk of losses resulting from fluctuations in the market values of positions held by a financial institution, as well as its financial margin, including the risks of operations subject to exchange rate variations, interest rates, stock prices and commodity prices.

The Manager's market risk assessment and management process permeates the entire investment decision process. The approach practiced is primarily *bottom-up*, with an emphasis on the specific risk analysis of each asset. This risk analysis is an intrinsic part of the fundamentalist analysis process practiced and is not based on purely quantitative parameters. Given the focus on long-term investments based on fundamental analysis of companies, the risk of investments is measured by the situation each company is in today and could be in in the coming years, as well as the probability of these scenarios occurring. In this way, the main focus is to avoid permanent loss of capital. The aim is to minimize this risk through (i) a detailed analysis of each asset before it is included in the portfolio, considering different potentials for appreciation or loss of value, and (ii) constant monitoring of the companies' performance and the gap between the share price and the estimated value of the asset, after it has been included in the portfolio.

In addition to asset-by-asset analysis, risk management also uses quantitative parameters to help monitor market risk on a daily basis. The Manager uses the following metrics:

3.1. VaR (Value at Risk)

This is the value at which an equal or greater loss can occur for a position or portfolio, over a given investment horizon with a certain level of confidence. The Risk Area calculates Parametric VaR, with 95% confidence over an investment horizon of 1 business day, using the EWMA (*Exponentially Weighted Moving Average*) model, with a decay factor of 0.94, when calculating the covariance matrix. The volatility of the fund's portfolio can also be calculated using the Parametric VaR. In addition, the Historical VaR is also calculated, with the aim of capturing historical return distributions that deviate more from a normal distribution.

However, VaR is not a limiting factor in the Manager's investment process and is used as a complementary tool in defining the appropriate level of risk, given the investment scenario envisaged by the Manager. This is because it is believed that parametric market risk measurement models based on price statistics are not a sufficient tool to guide the risk management process of investments in an equity fund.

It is believed that more important than parametric measurement of market risk is the analysis of the risk of permanent capital loss, which is constantly monitored and updated for each asset in the portfolio.

3.2. Stress Test

To calculate the Stress Test, combinations of different scenarios per risk factor are considered, both specific and based on historical events, which are updated periodically. In addition, the Risk Committee can decide on alternative prospective scenarios. It is an important complementary tool the risk management process, incorporating situations of great fluctuations in the market where volatility and the usual correlations do not properly reflect the risk incurred.

4. LIQUIDITY RISK

Liquidity risk consists of the possibility of investment vehicles (i) not being able to efficiently honor their expected and unexpected obligations, current and future, including those arising from the binding of guarantees, without affecting their daily operations and without incurring significant losses; and/or (ii) not being able to trade a position at market price, due to its large size in relation to the volume normally traded or due to some discontinuity in the market.

In order to mitigate liquidity risk, the Manager adopts mechanisms to monitor and manage the liquidity of the Funds' asset portfolios, as well as their short-term liabilities, monitoring liquidity a daily basis through the Risk System. The Risk Department issues the Funds' Daily Liquidity Reports on a daily basis, which are forwarded to the Management Department, which must make any necessary adjustments to bring the portfolios into line with the established liquidity limits.

For more detailed information on the procedures adopted by the Manager for assessing and monitoring liquidity risk, see the Liquidity Risk Management Manual.

5. CONCENTRATION RISK

Concentration risk is the risk associated with the possibility of loss due to the concentration of credit as a result of the allocation of resources to certain counterparties (companies in the same segment of activity/economic sector or economic group), by term, currencies, products, among other aspects. In other words, concentration risk occurs when certain strategies, assets or financial instruments represent a significant percentage of the fund or portfolio, representing a risk of loss due to non-diversification.

In order to monitor and mitigate the risk of concentration in the investment vehicles' portfolios, the Risk Area indicates in the Risk Report the investment vehicles´ exposures by economic group and sector, term and exposure to risk factors.

In order to avoid excessive concentration, the Risk Committee sets maximum investment limits in assets from a single issuer, considering market value, or from the same sector. The maximum *long* exposure limit per issuer is 20% of shareholders' equity at market price, and the maximum *long* exposure limit per sector is 35% of shareholders' equity at market price.

6. CREDIT AND COUNTERPARTY RISK

Credit and counterparty risk means the risk of default by a given counterparty on obligations relating to the settlement of transactions involving financial assets.

The investment vehicles managed by the Manager are variable income funds and therefore invest primarily in shares traded on the stock exchange. As these have a *clearing* and custody system, we believe that counterparty risk is not applicable. The brokers used must be approved by both the Manager and the investment vehicle administrator. There is no provision for significant investments in private credit assets, so this item does not apply either.

For more detailed information on the procedures adopted by the Manager to assess and monitor credit and counterparty risk, see the Private Credit Management Policy.

7. OPERATIONAL RISK

Operational risk is the possibility of losses resulting from failure, deficiency or inadequacy of internal processes, people and/or systems, or from events external to the Manager.

This risk is mitigated by establishing processes such as segregation of duties, systems with user-controlled access and password protection, reduction of human intervention in processes, close supervision by the Chief Compliance Officer, use of an order management system to control strategy allocations and limits, among others.

In this regard, it is important to note that the Risk System has a module specifically designed for Compliance monitoring, to help ensure that all transactions are correctly executed in accordance with the mandates and regulatory restrictions of each portfolio. The system monitors these restrictions and limits automatically, based on prior parameterizations registered and validated by the Chief Compliance Officer. The system's compliance monitoring module works online, checking all portfolios before, during and after the order is executed.

In addition, all of the investment vehicles' stock trades are executed through the Risk

System, via the FIX protocol, to minimize the risk of human error in the flow of the operation. Because of this, all orders are checked from a compliance, mandate and restrictions perspective before and during execution (online monitoring). All confirmations from brokers are automatically reconciled by the Risk System and all portfolios received by the investment vehicles administrator are also reconciled with the information contained in the system. This process allows for greater agility and robustness in the process as a whole.

All operational processes are mapped out in order to ensure uniformity, safety and to mitigate operational risks. The procedures to be adopted in the event of an operational error, as further detailed in the Manager´s Internal Controls Manual, are: (i) identification of its cause and origin; (ii) formalization of its occurrence; (iii) investigation of whether there was a relevant economic loss and (iv) preparation of an action plan so that it can be corrected and the impact on portfolio profitability is zero or minimized as much as possible.

8. FRAMEWORK CONTROL

Any change identified by the Risk Area in the behavior of the assets that may cause the portfolio of a given investment vehicle to fall out of line with the policies adopted measure risk must be immediately communicated to the members of the Investment Team and the Portfolio Manager, the latest who must assess and take the necessary measures to immediately bring the investment vehicle's portfolio back into line.

The Risk Area must check the framework of all positions on a daily basis and monitor the immediate dismantling of positions that have exceeded their risk limits.

The Risk Area will send the members of the Investment Team, at least monthly, a Monitoring Report informing them of any investment vehicles whose risk limit has been exceeded.

Investment vehicles whose risk exposure limits are not expressed in their respective constitutive documents will receive special treatment from the Chief Compliance Officer, who will assess them on a case- by-case basis in conjunction with the Portfolio Manager.

9. FINAL CONSIDERATIONS

This Risk Management Policy will be reviewed and updated by the Chief Compliance Officer at least once a year to allow for permanent monitoring, measurement and adjustment of the risks inherent in each of the securities portfolios managed by the Manager.

Tests of adherence to the methodologies will be carried out, within a period not exceeding 12 (twelve) months, in order to verify their effectiveness in relation to risk management. To this end, 1 working day will be randomly selected from each of the last 12 months to verify compliance with the controls by the Risk Area and Investment Team, as well as their effectiveness, from the sending and accuracy of reports, to making the necessary communications and adjustments.

If the methodologies used are found to be non-compliant, the Risk Area must discuss and implement the necessary measures to reassess the parameters used. The verification of non-adherence to the methodologies and any adjustments must be reported to the Portfolio Manager and the Chief Compliance Officer.

The methodologies described in this policy for assessing, monitoring and controlling the risks to which the securities portfolios managed by the Manager are subject shall be reviewed every 24 (twenty-four) months, or within a shorter period if the adherence tests reveal inconsistencies that require revision.

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Version Log

Date	Version	Approved by
03/28/2023	01	Chief Compliance Officer