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Press Release

Standard & Poor's affirms 'AMP-2' (strong) classification assigned to Rio Bravo Investimentos S.A.

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São Paulo (Standard & Poor's), October 27th, 2014 – Standard & Poor's Ratings services affirmed today its 'AMP-2' (strong) classification assigned to Rio Bravo Investimentos S.A. ("RBI").

Standard & Poor's Rating Services' 'AMP-2' (Strong) classification assigned to RBI reflects its clear corporate strategy and highly-experience management team which has a well-recognized track record in the Brazilian financial market. RBI's well-structured investment management processes, strong practices related to operations and controls and strong fiduciary principles are also factors that contribute positively to its classification. Our classification is counterbalanced by negative factors, such as a lack of formal limits to manage market risks related to the firm's equity strategies and its high exposure to a very competitive low-fee segment (institutional investors). The absence of a single integrated technological platform for investment, risk, back office, and compliance management is also negative factor in our classification.

Standard & Poor's also believes that RBI's main challenge for the next 12-18 months is to continue growing in the very competitive environment Brazilian asset manager industry and in the current challenging environment of the Brazilian economy. The firm is aware of the challenges ahead, and intends to consolidate itself as a leading independent investment manager focused on Brazilian alternative investment strategies, based on its good brand image and reputation.

RBI is a privately-owned Brazilian investment management firm whose roots trace back to 2000, when it was founded to focus on alternative investment strategies. Since then, it has grown to the extent that it now manages an asset base of about R\$ 10.2 billion. With 93 professionals, RBI is an independent investment firm headquartered in São Paulo and with offices in Rio de Janeiro and Recife. RBI's team is led by three highly-experienced partners: Mario Fleck (CEO and former CEO of Accenture Brazil), Gustavo Franco (Chief Strategist and former president of Brazil's Central Bank) and Paulo Bilyk (CIO and former partner of Banco Pactual). The firm provides investment products (via onshore and offshore vehicles) to different types of investors including pension plans, endowments, corporates, family offices and high-net worth individuals.

In our opinion, RBI has a strong organizational structure and human resources availability to meet its strategic goals, and is also aligned with strong practices in terms of segregation of activities. RBI has solid staffing depth and adequacy throughout the organization. We also evaluate as a positive factor the stability of the firm's senior management, which is comprised of a highly-experienced group of professionals with recognized track records in the Brazilian financial market.

We consider that RBI's general strategy and its specific goals are consistent with its resources and with the operational framework of the Brazilian fund industry. The firm's primary strategic objective is to generate long-term absolute returns for its investors by using a fundamental approach, involving both qualitative and quantitative research. RBI's strategy is also focused on growing consistently through the diversification of products and clients.

During the last two years, RBI's financial performance has been satisfactory, which allows the firm to continue channeling resources to support and improve systems and controls. RBI has an adequate product range, including real estate, equity, private equity, fixed income, multi-asset &

portfolios and infrastructure strategies. However, historically RBI's revenues have depended mainly on real estate and equity strategies (currently approximately 40% and 20% respectively). Also, RBI has been mainly focused on institutional investors, who currently account for about 70% of the AUM.

RBI's investment decisions follow a disciplined process based on policies and guidelines set out by its formal investment committees. RBI has an adequate committee structure to discuss current and expected market situations, asset allocation, performance and risks; all of its decisions are documented. The investment process is robust and has a clear investment philosophy focused on fundamental analysis. RBI takes long-term positions and has no fear of making allocations that might be relatively concentrated and characterized by varying degrees of liquidity. On average, the firm devotes 70% of its time to 'bottom-up' and 30% to 'top-down' approaches. In the case of real estate, private equity and infrastructure funds, RBI is in constant contact with the firms and projects they invest in, often participating in its boards or overseeing functions.

Standard & Poor's considers that RBI's operations are well organized and its monitoring is adequate. All flows and operating procedures are formalized into procedures manuals and policies, which are reviewed annually and also provide strong transparency to the processes. RBI has also good risk management controls and adequate tools for evaluating credit, market and liquidity risks. However, Standard & Poor's views negatively the lack of formal limits to manage market risk, established by an independent risk committee, for equity strategies.

An independent compliance area is responsible for guaranteeing the integrity and transparency of the asset management process in observance to internal and regulatory rules, including fiduciary principles. RBI has a strong quality of outsourced fiduciary administration and custody services, provided by a specialized institution (mainly by Banco Bradesco S.A.).

RBI's IT area is well prepared. The firm also has a clear contingency and disaster recovery plan, and constantly invests in updating its systems. In 2014, RBI implemented a new accounting system that facilitates the integration of the information flow between all areas of the firm. In general terms, Standard & Poor's considers that RBI is an asset manager that is well prepared and has processes, personnel and infrastructure of strong quality and capacity to return quickly into operation in case these are interrupted. Nevertheless, we consider as best practice the existence of a single technology platform that integrates its front- and back-office operations.

The AMP classification considers RBI's activities of traditional (equity and fixed income funds) and structured funds (real estate, private equity and infrastructure funds) and does not include its financial advisory activities for project finance transactions, mergers and acquisitions. This is developed by Rio Bravo Advisory Ltda. and has its own management processes and policies.

Notes:

- The 'AMP-2' (strong) classification assigned by Standard & Poor's reflects our opinion on 'STRONG' asset management practices in the AMP scale that goes from the best category 'AMP-1' (Very Strong) to the lowest 'AMP-5' (Weak).
- Standard & Poor's AMP classification is an updated opinion of the overall quality of an asset management company. This opinion emphasizes management features and operational procedures, which include systems and controls that an asset management company holds to insure client interests. In assessing asset management companies, Standard & Poor's prepares a quality review of its performance, operational procedures and risk management systems, just as their business profile, mix of products and financial strength. Sovereign risk elements are not considered in this analysis. The classification of asset manager practices is not an audit of compliance with the company's procedures established by itself, nor an opinion as to compliance with laws and regulation. A classification is not a recommendation to use the services of any asset manager.

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