

ASSESSMENT REPORT*

February 18, 2025

Update

ARX Investimentos LTDA.

Investment Manager
Quality Assessment

MQ1.br

(*) This report does not inform a Credit Rating action. For any Credit Ratings referenced in this assessment report, please refer to <http://www.moodyslocal.com/country/br> for the latest Credit Rating Action Report.

Contacts

Leticia Sousa
Associate Credit Analyst ML
leticia.sousa@moodys.com

Vitor Araújo
Associate ML
vitor.dearaujo@moodys.com

Leticia Bubenick
Associate Director – Credit Analyst ML
leticia.bubenick@moodys.com

CUSTOMER SERVICE

Brasil
+55.11.3043.7300

ARX Investimentos LTDA.

Investment Manager Quality Assessment

	2021	2022	2023	2024
Indicators (BRL millions)				
Assets Under Management	40,398	39,949	32,024	40,608
Net Inflows	9,932	(186)	(6,862)	5,441
Fund Type (% AUM)				
Fixed Income	68.4%	59.4%	56.8%	64.7%
Pension	14.8%	28.6%	27.8%	23.6%
Equity	11.5%	10.4%	14.5%	11.1%
Multimarket	0.3%	1.6%	0.6%	0.3%
Other	1.2%	-	0.2%	0.4%
Investor Type (% AUM)				
Retail	21.7%	20.4%	19.5%	26.8%
Open Pension Plans	18.6%	26.2%	25.8%	24.6%
Foreign Investor	8.5%	8.3%	12.4%	9.7%
Pension Plans	1.5%	1.9%	2.1%	1.3%
Other*	49.0%	42.5%	39.6%	37.4%

Source: ARX Investimentos, Moody's Local Brasil.

*Includes BNY Group liquidity management resources.

Fundamentals of the Assessment

Assessment: MQ1.br (Excellent)

ARX's investment manager quality assessment of MQ1.br is based on: (i) a disciplined investment process, (ii) support and oversight of its parent, (iii) solid risk-adjusted performance of its funds, and (iv) strong risk management and compliance procedures. The key challenges ahead for ARX are (i) maintaining market position considering the competitive environment, (ii) sustaining risk-adjusted performance above its benchmarks, and (iii) retaining the investment team, reducing the historical key-person turnover.

Overview

ARX was founded in 2001 as an independent asset manager and in 2008, it was acquired by The Bank of New York Mellon Corporation, BNY Group's parent. The asset manager underwent a restructuring between 2015-2017, following significant turnover among its partners and key investment. Since then, the company has achieved a significant increase in its assets under management (AUM), reaching BRL40,6 billion in 2024. ARX operates in various strategies, such as private credit

multimarket and equity funds, and two years ago, it began operating in the real estate strategy.

Factor 1 – Investment Management Activities

Investment Structure

The investment identification process and the ability to achieve the funds' objectives based on the theses established by the management team are positive factors in ARX's assessment. Overall, the asset manager's investment style is oriented towards capital preservation and long-term results.

For fixed income funds, ARX bases its decisions on analysis of the macroeconomic environment, market conditions, and trend indicators. The well-defined credit approval process determines allocation and credit limits based on analytical factors, using quantitative and qualitative methodologies. The asset manager adopts a proprietary model that defines the credit profile and payment capacity of entities in different scenarios.

For equity funds, ARX has a disciplined methodology for portfolio construction, based on fundamental analysis and complemented by macroeconomic analysis and cycles. A portfolio is built by companies that present the best risk-return relationship, aiming to achieve long-term results. For multimarket funds, decisions are taken considering the risk-return potential, supported by fundamental analysis, and with the aim of surpassing the benchmark in the long term. Decisions in both Macro and Long&Short sub-strategies are dynamic and have strict control of asset allocation and risk.

The investment identification methodology and the ability to adapt theses to the funds' objectives are factors that we consider positive in the ARX's decision-making process. Risk management is an integral part of ARX's investment management activities, and its team consistently follows guidelines for monitoring market risk, such as limits, value at risk (VaR), as well as credit and liquidity risks of the funds, conducted independently from the asset management team.

Investment Infrastructure

ARX has an excellent investment infrastructure, with real-time portfolio management, risk control and compliance systems. In addition, the asset manager benefits from the support of its parent, with shared technological infrastructure, including physical servers and cloud environments that store periodic backup data. ARX follows policies and procedures established by its parent, which also supervises and monitors key systems and tools. Given these set of defense systems, we consider that ARX has a very low exposure to business interruption risk.

Organizational Structure

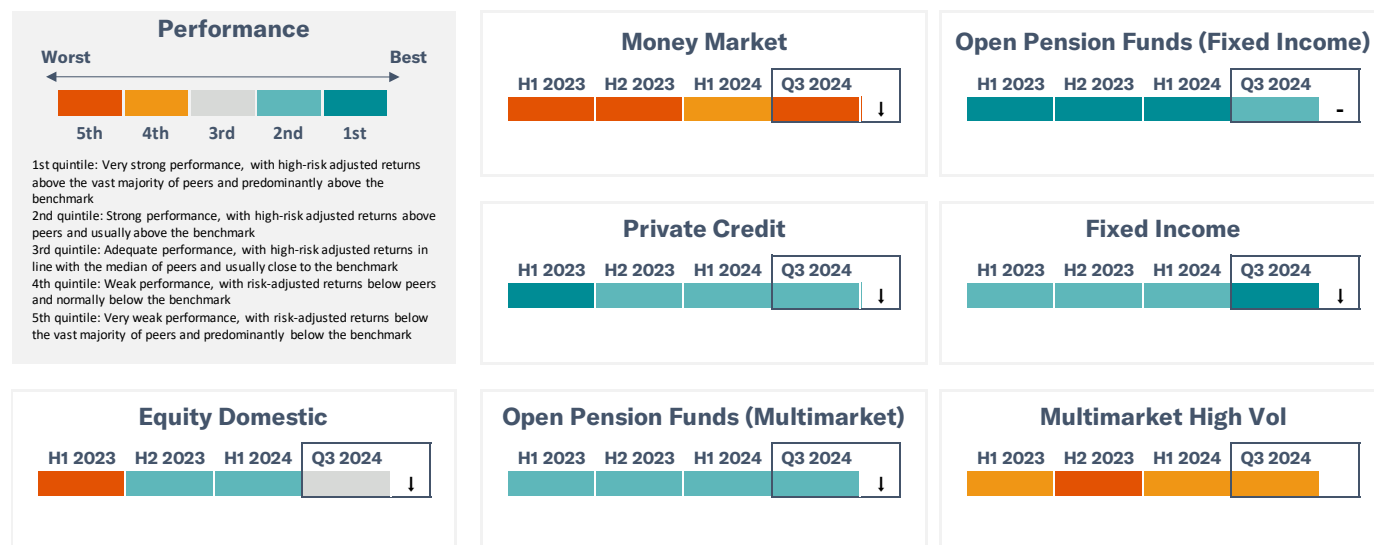
Currently, ARX is composed by 56 employees, of which 27 are directly involved in investment management activities. The asset management team has strong professional and academic credentials. The organizational structure has independent and well-structured teams for risk management and compliance activities.

Regarding reporting, the Risk, Compliance and Legal Executives report to the local CEO, as well as to the BNY Group, as an independent line of report, which increases the managerial independence of the teams in Brazil, ensuring the access to its parent's global expertise and allowing ARX to effectively replicate the global standards of the group.

Factor 2 – Investment Results

Investment Skill and Risk

The asset manager's performance in each segment is the average score of all performance metrics weighted by the assets under management of the funds/portfolios representing that segment. The analysis periods encompass three-year windows ending on the dates indicated in the tables. The quintile positioning indicates its risk-adjusted performance relative to peers and respective benchmarks.

EXHIBIT 1**Relative Performance**

Moody's Local notes that the evaluation takes into consideration funds that may charge different fees, have different strategies and benchmarks, or target distinct investor types. As a result, Moody's Local acknowledges that a fund that was narrowed down to a segment may not directly compete with another within the same segment. Based on a combination of the following metrics: Information ratio, Merton Skill, Alpha, Sharpe ratio, Beta and Maximum Drawdown. Further details in Appendix 1. Source: Moody's Local Brasil

Factor 3 – Financial Profile**Revenue and Profitability Levels and Stability**

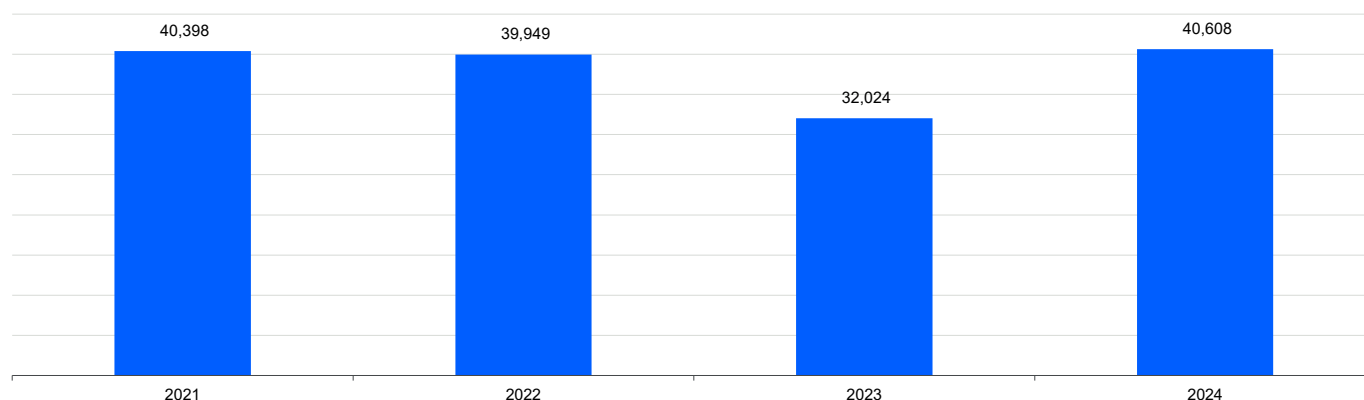
ARX has reported volatility in its financial metrics, demonstrated by its operating and profit margins. However, the asset manager benefits from its affiliation with the BNY Group for financing its activities, both in ongoing strategies and new initiatives.

Corporate Organization

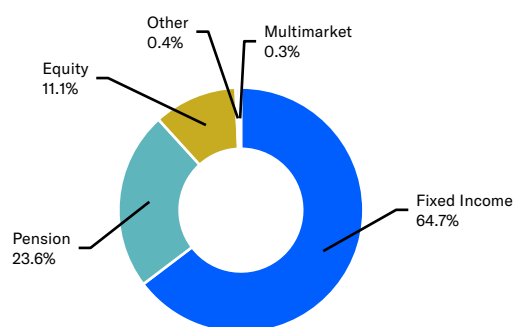
ARX benefits from the support provided by its parent, The Bank of New York Mellon Corporation, a globally systemically important financial institution. This support results in a strong capacity to finance ARX's current operations, as well as future projects, investments need, or talent retention. The parent has a significant role in support and supervision, and enables distribution through its international network.

Assets Under Management

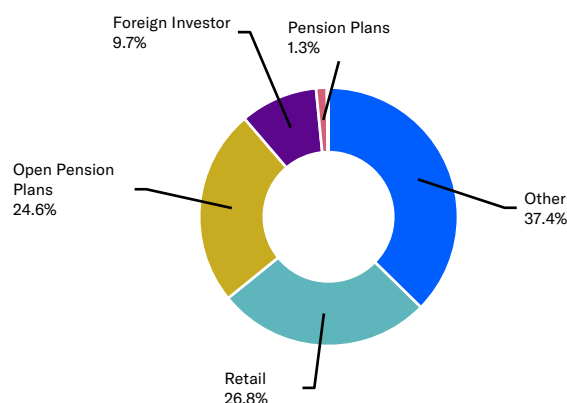
ARX ended 2024 with BRL40.6 billion in total assets under management (AUM), representing an annual growth of 26.8%. Net inflows were positive in 2024, which had not occurred since 2021. The still restricted scenario for inflows into multimarket and equity funds was compensated by the attractiveness of fixed-income products especially in the second half of 2024. Regarding its liability profile, ARX has a significant presence of retail clients, including open platforms, as well as open pension plans, pension funds, and foreign investors. Additionally, the asset manager has exclusive funds for liquidity management of BNY Mellon Serviços Financeiros DTVM, which is also part of the BNY Group, but within the asset servicing line of business of the group in the country.

EXHIBIT 2**Assets Under Management (BRL million)**

Source: ARX Investimentos, Moody's Local.

EXHIBIT 3**AUM by class, December 2024**

Source: ARX Investimentos, Moody's Local.

EXHIBIT 4**AUM by segment, December 2024**

Source: ARX Investimentos, Moody's Local.

Factor 4 – Client servicing**Retention and replacement of clientele**

ARX has shown adequate client retention, with a moderate rate of turnover. The company's replacement rate, measured by the percentage of lost assets that have been replaced by new investor applications, is also consistent. In recent years, the asset manager has shown significant expansion of its client's base through platforms of investment, achieving retail clients.

Other considerations**What could change the assessment – Down:**

- » Risk-adjusted performance of funds deteriorates significantly, performing below their peers and benchmarks.
- » The funds register a considerable decrease in AUM, with material impacts on the financial profile.
- » Significant deviations from the investment process, exposing the company to operational risks.
- » Significant turnover of the investment key-personnel.
- » Decrease of parent's support.

Appendix: Investment performance measurement

Fund sampling

From the Ecomatica's database, which includes more than 30,000 active mutual funds, we selected a sample of approximately 9,000 funds that met some predetermined criteria for use in our performance analysis:

1. Fund segments: Narrowing the sample down to the most popular mutual fund segments among investors, we selected the following segments: Local Market Shares, Foreign Shares, Long Short, Multi-market, High-Volatility Multi-market, Short-Term Fixed Income, Fixed Income, Private Credit, Funds of Fund, Fixed-Income Previdência and Multi-market Previdência and Variable Income Previdência.
2. Type of funds: Master and exclusive funds are not considered in our analysis.
3. Length of existence: We only considered mutual funds that have traded for at least three years. The exception is the Real Estate Fund class, whose set minimum limit was a track record of two years, because of specific characteristics of the segment, which witnessed a boom in emissions between 2019 and 2021.
4. Fund size: Only funds with a minimum of \$25 million in total assets as of our last assessment date were included in the sample.

Because of the use of these criteria, there may be differences between the analyzed volumes of AUM of the segments and the total volumes of AUM of the segments.

Performance measurement

We analyze the historical risk-adjusted return performance achieved by individual products or representative portfolios of similar funds across assets, offered by the firm. The analysis covers a three-year period. Results are aggregated, compared with a universe of similarly managed products and scored on the basis of quintile ranks. The firm's ranking in each segment is the average score of all performance metrics weighted by AUM.

In the case of risk-adjusted performance results, we compute the median three-year Sharpe ratio using monthly total rates of return for a representative sample of portfolios. The median Sharpe ratio is then compared with a distribution of Sharpe ratios stratified into quintiles for local peers.

In a similar fashion, we extend this form of analysis to the other key risk measures including Maximum Drawdown, Beta and R2. To this, we add measures of manager skill, which include key measures such as Alpha, the Information ratio and the Merton Skill Measure.

Basic measures used to evaluate investment results, risk and manager skill

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk (as measured by Beta). It can be used to calculate the "skill" of a fund manager.

Beta is a measure of a fund's volatility relative to the market, which for stocks in the US, for example, may be represented by the S&P 500 Index.

The Sharpe ratio measures the fund's risk-adjusted return. It is the portfolio's average return in excess of the risk-free rate divided by the portfolio's standard deviation.

R2, or the R-squared value, is the fraction of variance in the dependent variable that is explained by variance in the independent variable.

The Information ratio is the ratio of a manager's excess return (Alpha) divided by the standard deviation of that excess return. It is a measure of the value added by an active manager.

The Maximum Drawdown is the worst period of "peak-to-valley" performance for a fund or other investment vehicle, regardless of whether or not the drawdown consists of consecutive months of negative performance.

The Merton Skill Measure is a returns-based measure of market timing skills that includes a ratio of unsuccessful to successful “down market” calls.

Assessment Framework used in the assessment referenced in this Assessment Report

- » Investment Manager Quality (MQ) Assessments of Asset Managers Framework, available at www.moodyslocal.com/country/br

This report should not be construed as publicity, advertising, disclosure or recommendation to buy, sell, or trade.

© 2025 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED OR OTHERWISE MADE AVAILABLE BY MOODY'S (COLLECTIVELY, "MATERIALS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLISHED FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S MATERIALS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S MATERIALS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES OR OTHERWISE MAKES AVAILABLE ITS MATERIALS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND MATERIALS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR MATERIALS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. FOR CLARITY, NO INFORMATION CONTAINED HEREIN MAY BE USED TO DEVELOP, IMPROVE, TRAIN OR RETRAIN ANY SOFTWARE PROGRAM OR DATABASE, INCLUDING, BUT NOT LIMITED TO, FOR ANY ARTIFICIAL INTELLIGENCE, MACHINE LEARNING OR NATURAL LANGUAGE PROCESSING SOFTWARE, ALGORITHM, METHODOLOGY AND/OR MODEL.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Materials.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it. MCO and all MCO entities that issue ratings under the "Moody's Ratings" brand name ("Moody's Ratings"), also maintain policies and procedures to address the independence of Moody's Ratings' credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at ir.moody's.com under the heading "Investor Relations — Corporate Governance — Charter Documents - Director and Shareholder Affiliation Policy."

Moody's SF Japan K.K., Moody's Local AR Agente de Calificación de Riesgo S.A., Moody's Local BR Agência de Classificação de Risco LTDA, Moody's Local MX S.A. de C.V., I.C.V., Moody's Local PE Clasificadora de Riesgo S.A., and Moody's Local PA Clasificadora de Riesgo S.A. (collectively, the "Moody's Non-NRSRO CRAs") are all indirectly wholly-owned credit rating agency subsidiaries of MCO. None of the Moody's Non-NRSRO CRAs is a Nationally Recognized Statistical Rating Organization.

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for India only: Moody's credit ratings, Assessments, other opinions and Materials are not intended to be and shall not be relied upon or used by any users located in India in relation to securities listed or proposed to be listed on Indian stock exchanges.

Additional terms with respect to Second Party Opinions and Net Zero Assessments (as defined in Moody's Ratings Rating Symbols and Definitions): Please note that neither a Second Party Opinion ("SPO") nor a Net Zero Assessment ("NZA") is a "credit rating". The issuance of SPOs and NZAs is not a regulated activity in many jurisdictions, including Singapore. JAPAN: In Japan, development and provision of SPOs and NZAs fall under the category of "Ancillary Businesses", not "Credit Rating Business", and are not subject to the regulations applicable to "Credit Rating Business" under the Financial Instruments and Exchange Act of Japan and its relevant regulation. PRC: Any SPO: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.