

A

ABRASCA – Portuguese acronym for the Brazilian Association of Public Companies. Entity that represents publicly held companies.

Active Management – In general, investment funds indicate a benchmark index, i.e. a market index enabling comparison of their performance. A management strategy for an investment fund seeks superior profitability to that of a given benchmark index. For example, an equity fund may use the Ibovespa index as a benchmark for comparing its performance. We can define this equity fund as having active management if the strategy adopted is to perform better than the agreed benchmark. The investment portfolio, therefore, will not necessarily mirror the composition of the reference index.

Additional Investment – Sum required to make additional investments in an investment fund.

Administration Fee – Annual percentage fee levied by an investment fund administrator for all services provided. It is provisioned per working day as a percentage of fund assets, and deducted from the share value.

Administrator or Administrative Institution – Company that controls all service providers responsible for the smooth running of a fund and guarantees that they are always operating in accordance with legal standards. It produces and notarizes the fund's bylaws, calculates the daily value of its shares, controls the fund's accounts, calculates administration fees, sends out statements to shareholders, organizes meetings, and informs investors of any changes to the bylaws.

ADRs – American Depositary Receipts. Receipt for stocks in a company not headquartered in the United States, issued by a bank and kept in a US bank. Trading instrument created to allow issuers of securities listed in other countries to comply with US standards and regulations for registering securities, and to facilitate the receipt of dividends by investors in the United States. ADRs are traded on American stock markets. They are used to raise funds abroad and to reinforce the liquidity of company stocks. Investors can convert their ADRs into company stocks and trade them in the company's country of origin.

Amortization – In the case of investment funds, this is payment in local currency, in proportion to all shareholders, of the share of equity value of their respective shares, without reducing the number of shares. Amortization may take place according to the sole discretion and information of the **ADMINISTRATOR**, although this is only permitted if the **FUND**'s performance is superior to the **INDEX**'s performance during the previous three-month period.

ANBIMA – ANBIMA represents the institutions in the Brazilian capital markets. Its more than 340 members include a wide variety of institutions that operate in different market segments, including commercial banks, universal banks, investment banks, fund managers and administrators, securities brokers and dealers, and wealth managers.

ANIMEC – Portuguese acronym for the National Association of Capital Market Investors. Entity that represents minority investors in the Brazilian capital markets, defending their interests with the public authorities (legislature, executive and judiciary), regulatory and self-regulatory agencies such as the Brazilian Securities Commission (CVM), and stock exchanges.

APIMEC – Portuguese acronym for the Association of Capital Market Investment Analysts and Professionals. Brazil-wide body Apimec Nacional was created in June 1988 to serve as an umbrella organization for all the regional Apimecs (São Paulo, Rio de Janeiro, Minas Gerais, Northeast, South and Federal District).

Arbitration Chamber – A forum capable of resolving conflicts within the financial system, as an important step in making market regulation more transparent and bolstering confidence within the financial system.

Assets – Set of goods, values and credits that make up the equity of a company or person, which may be converted into cash.

Assignment of Shares – Act of transferring ownership of shares in a fund to another person.

Audit – Analytical examination of the accounts of a company or fund, conducted in an independent manner by an auditor without any permanent relationship with the company. The more independent the study, the more credibility it will have in the market.

B

Balance Sheet Analysis – The study of a company's financial statements to assess its economic and financial situation. The analyst examines the company's assets and liabilities, using data from its balance sheets to make qualitative and quantitative evaluations.

BC/BACEN – Portuguese acronym/abbreviation for the Central Bank of Brazil, the governmental financial institution responsible for overseeing compliance with the provisions governing the functioning of the National Financial System (known by Portuguese acronym CMN), and for ensuring the stability and control of credit in the market, controlling financial inflows and outflow. It is the only institution authorized to issue currency. It also implements monetary policy by controlling short-term interest rates.

BDR – Acronym for Brazilian Depositary Receipt. Certificate representing securities issued by a publicly held company or similar company headquartered outside Brazil, and issued by a depositary institution in Brazil. It is the opposite of ADR.

Benchmark – Reference point. The name given to the basis of comparison for a product, service, security or rate. Examples of benchmarks include Ibovespa and IBRX. For a fixed income fund, it is normally the Interbank Deposit Certificate rate (known by Portuguese acronym CDI).

Bill of Exchange – Type of note tradable on the market, issued by credit, loan and investment companies, and used as funding for direct consumer credit.

Blue Chip – Term originating in poker used as jargon in the financial markets to denote the most stable stocks with the greatest liquidity. There is no official list of blue chips, not least because this kind of denomination may change frequently. A term used in the US market to refer to large and traditional companies.

BM&F – Portuguese acronym for the São Paulo Commodities and Futures Exchange, on which interest rate, exchange rate and commodity (coffee, corn, soybeans, etc.) derivative contracts are traded. In March 2008, following a merger between BM&F and the São Paulo Stock Exchange (BOVESPA), the combined entity became known as BM&FBOVESPA.

Book Value (BV) – The book value of a stock is the value of the company's equity divided by the number of stocks.

Boom – When the volume of stock transactions exceeds average levels in a given period, with a significant increase in prices.

Bonus Stock – Free distribution of new stocks to stockholders, caused by an increase in capital stock due to the incorporation of reserves.

BOVESPA – The São Paulo Stock Exchange. In March 2008, following a merger between BOVESPA and the São Paulo Commodities and Futures Exchange (BM&F), the combined entity became known as BM&FBOVESPA. It is a publicly traded corporation (S.A.) with the mission of maintaining a location, or electronic trading system, suitable for its members to conduct transactions for the sale and purchase of securities. These securities are registered with the Brazilian Securities Commission (CVM) and are sold in a free and open market,

especially organized and inspected by its members, the monetary authority and, above all, CVM itself.

Broker (Brokerage Firm) – Intermediary party for the sale and purchase of stocks and other securities; a bridge between an investor and the stock exchange. It requires approval from the central bank in order to exist, and must be recognized by the Brazilian Securities Commission (Comissão de Valores Mobiliários, or CVM) to operate.

Brokerage – Remuneration for financial intermediation in the sale and purchase of securities.

Bylaws: In the case of investment funds, they are a document specifying all the operating conditions, obligations, prohibitions and remuneration of the fund's service providers and its investment policy. It is recommended that shareholders read the bylaws before investing. Like prospectuses, it is obligatory for the bylaws to be delivered to shareholders when they invest in a fund.

C

C-Bond – External debt securities issued by Brazil's federal government.

Call – Purchase option. See definition of Option.

Call Option – Right to buy a security or commodity for a given price and quantity, until a future pre-established date.

Capital – Sum of the resources, goods and securities that make up equity. Resources invested in assets, securities or economic activities with the purpose of making a profit.

Capital Markets – Encompasses the entire network of stock exchanges and financial institutions in which sale and purchase transactions take place for stocks and securities, between companies and investors, with mandatory brokering by financial institutions in the securities distribution system.

CBLC – Portuguese acronym for the Brazilian Chamber of Settlement and Custody – the Brazilian stock exchange clearinghouse. It is a corporation tasked with registering, controlling, clearing and guaranteeing, through clearing agents, transactions in the spot, forward, option and similar markets involving variable- and fixed-income securities from private issuers in BM&FBOVESPA (the former BOVESPA) and other markets and stock exchanges. It also provides security deposit services. CBLC was created as part of a restructuring of the São Paulo Stock Exchange in 1997.

CDI (DI) – Portuguese acronym for Interbank Deposit Certificate. These are operations carried out exclusively by banks, electronically, recorded on the computers of the institutions involved in the operation and on CETIP terminals. They are generally single-day operations. The CDI is used as a benchmark for the cost of money, and for investment funds that invest in fixed income bonds, so the operations serve as an indexer (exchange rate) disclosed by CETIP that represents the average figure for daily prefixed rates, agreed upon for one working day and practiced by financial institutions in these transactions.

CETIP – Portuguese acronym for Securities Custody and Settlement Center. This is where all operations involving municipal and state bonds, and private securities are held, recorded and financially settled. All institutions trading these securities have computers linked to CETIP terminals.

CFP – Certified Financial Planner. In Brazil, the Brazilian Institute for the Certification of Financial Professionals (known by Portuguese acronym IBCPF) is the only Brazilian entity affiliated with the Financial Planning Standards Board (FPSB) and authorized to grant CFP® certification to professionals who meet the global standards for this certification, summed up in

the 4 Es: Exam, Education, professional Experience and Ethics. The IBCPF is a non-profit, non-governmental, self-regulatory entity, founded in May 2000 by financial professionals in order to implement, certify and control the personal financial planning activity, as needed to meet growing demand from individual clients in the financial markets.

CGA – Portuguese acronym for ANBID Manager Certification. This certification is aimed at professionals who undertake professional management activities for third parties' resources and who have investment decision-making powers.

Chinese Wall – Term used in the financial markets to designate segregation between the management of third parties' resources (investment funds, for example) and the administrative institution, to avoid conflicts of interest or competing interests. In Brazil, the Central Bank, through Resolution 2,451 of November 27, 1997 and Resolution 2,486 of April 30, 1998, established segregation between the administration of third parties' resources and the other activities of the institution in question.

Circuit Breaker – A mechanism used by BM&FBOVESPA to permit the damping and rebalancing of sale and purchase orders in the event of sudden market movements. This instrument is a "shield" against excessive volatility during atypical market moments. The circuit breaker is activated, interrupting all trades on BM&FBOVESPA for 30 minutes, when the Ibovespa falls more than 10% in relation to the closing level of the previous day. If when the stock exchange reopens the Ibovespa falls by another 15%, the market can be interrupted once more for one hour.

Closing Price – The value of a fund share, calculated at the end of the trading day, i.e. after the markets close.

CMN – Portuguese acronym for the National Monetary Council, the highest decision-making entity in the National Financial System. CMN is responsible for establishing overall guidelines for monetary, exchange rate and credit policies, regulating the conditions for the constitution, operation and oversight of financial institutions, and disciplining monetary and exchange rate policy instruments. CMN is currently made up of the President of BACEN and the Ministers of Finance and Planning.

CNB – Portuguese acronym for the National Stock Exchange Commission. It is a non-profit civil association representing the interests of the country's stock exchanges in dealings with the monetary authorities and market regulators.

Commercial Bank – Financial institution that receives demand deposits in checking accounts and makes short-term loans, especially for enterprises' working capital. A commercial bank administers a network of bank branches and operates in the retail market, providing ancillary services such as factoring, transfers of funds between local accounts, etc.

Commercial Dollar – Exchange rate used in the country's commercial operations, such as to make external debt payments and in the remittance of dividends by companies headquartered abroad.

Common Stock (known by Portuguese acronym ON) – Type of stock that grants the owner essential stockholder rights, especially a share in the company's earnings and the right to vote at its meetings. Each common stock corresponds to one vote at general meetings. Brazil's new Corporate Law ("Lei das Sociedades Anônimas") gives minority stockholders holding common stock the right to receive at least 80% of the amount paid by the controller in the case of a sale of control ("tag along" right).

Controlling Stockholders – Individuals or legal entities, or groups thereof, bound by a voting agreement, or under common control, that direct the activities of a company.

Convertible Debentures – Debentures that can be converted into stocks in line with predetermined conditions, at a given time.

COPOM – Portuguese acronym for the Monetary Policy Committee, the body responsible for setting the basic interest rate (SELIC). The committee is made up of BACEN directors.

Corporation – Company whose capital is divided into stocks. The rights and responsibilities of its stockholders are limited to the value of the issuing of subscribed or acquired stock.

Credit Analysis – Study by a credit institution to demonstrate whether a party requesting credit has the capacity to pay it back. This analysis is fundamental to setting the maximum amount that may be lent.

Credit Receivables – Right to a given credit and securities backed by these receivables, originating from a securitization operation conducted in the financial, commercial, industrial, real estate, mortgage, leasing and service provision segments, as well as in other financial assets and investment modalities.

Cum-Dividend Stock – Stock with dividends and/or cash bonuses to receive.

Custody – The service of holding securities on behalf of the person who bought them, provided by an authorized custodian institution.

Custody Fee – In investment funds, it is the fee charged by a custodian for holding, settling and administering proceeds from the assets that make up the fund.

CVM – Portuguese acronym for the Brazilian Securities Commission. The federal agency that regulates, disciplines and oversees stock exchanges, publicly held companies, investment funds and markets for securities not issued by the financial system or by the Treasury – including derivatives backed by overseen securities.

D

D+N – How the conversion date is presented. The number after D means the day when the shares will be converted into cash or vice versa. If an investment is made in terms of D0, this means that the conversion will take place on the same day as the request. In D1, the conversion will occur on the working day following the request.

Day Trade – Name given to an operation involving the purchase and sale of stocks or securities on the same day.

Dealer – Institution accredited by the Central Bank to participate in public bond auctions. Dealers are chosen from among the most active banks in the market and they must inform the other banks of informal auctions.

Dealing Operator – A professional representing a brokerage firm who executes stock purchase and sale orders on the floor of a stock exchange.

Debentures – Securities representing medium- and long-term debts issued in order to raise resources to pay debts or for investment, issued by public or private sector corporations, guaranteeing credit rights to their holders. This investment modality is categorized as fixed income.

Default – Failure to honor contractual obligations. When a debtor determines that they will not be able to pay back their debt in line with the established conditions and date, or that they will not be able to comply with certain contractual clauses.

Deficit – Negative balance between revenues and expenses.

Deflation – Fall in the general level of prices in an economy. Negative inflation (the opposite process to inflation).

Delinquency – Delay in fulfillment of an obligation.

Derivatives – Contracts for financial assets or securities whose value and trading characteristics derive (hence the name derivatives) from other assets, which serve as a reference. Financial market operation in which the value of the transactions derives from the future behavior of other markets, such as the equity, foreign exchange or interest rate markets.

Development Bank – Public sector financial institution that grants medium- and long-term loans to programs and projects in order to promote the economic and social development of the respective states where they are based. Their support prioritizes the private sector.

Disclosure – The act of conveying/releasing information. Disclosure is imposed by the capital market regulators, which oblige companies and other market players to communicate all relevant information (material facts), both good and bad, that could influence a decision to invest in that company.

Diversification – Administration of risk through the distribution of financial resources across different financial assets, seeking to reduce the risks inherent to a concentration of resources. In the case of investments being concentrated in few modalities, such as stocks, diversification means having stocks in different companies, whereby risks and risk premiums balance each other out.

Dividend – Part of company earnings distributed to stockholders. Dividends may be cumulative (if they are not paid in one financial year, they transfer to the next) or pro-rata (distribution of stocks issued in the financial year, in proportion to time transpired until its end).

DOC – Portuguese acronym for Credit Order Document. Name given to orders to deposit cash between bank accounts.

Dow Jones Index – Index used to measure the performance of the New York Stock Exchange (NYSE). The index is weighted on the basis of the average quotations of the 30 most important companies on the stock exchange, the 20 most outstanding railroad companies, and the 15 largest utilities – representing the profitability of the group of shares most widely traded daily on the NYSE.

E

EGM – Extraordinary General Meeting. Name given to meetings of stockholders or shareholders, called upon to deliberate on any subject of interest to the entity. In the case of investment funds, calling an EGM depends on the fund's specific needs, and it must comply with the fund's bylaws and prevailing standards.

Equity – Represents the difference between the value of assets and liabilities. Equity is the accounting value belonging to stockholders, fund shareholders or partners. In the case of investment funds, equity is the sum of all the fund's assets and operations, minus costs and fees.

Equity Spot Market – Market that brings together trades whose physical settlement (delivery of the securities by the seller) takes place on the second working day after the deal is closed. Financial settlement (payment of securities by the buyer) takes place on the third working day after the trade, immediately after physical settlement.

Equity Stake – Ratio between the capital stock of a given stockholder or group of stockholders and the company's total capital stock.

ETF – Exchange Traded Fund. Known in Brazil as index funds, they are funds that seek to track a given benchmark index.

Ex-Dividend Stock – A stock that does not have dividends and/or cash bonuses to receive.

Exchange Rate Fee – Chart paid when converting between two currencies.

Exchange Rate Notes – Securities that the Central Bank sells with an undertaking to pay the dollar variation (plus a predefined interest rate) until their expiration date. They are used to protect an investment against future oscillations in the price of a foreign currency, but they do not represent perfect protection, given that they are subject to taxation.

Exchange Rate Variation – Disclosed percentage indicating an exchange rate variation in a given period.

F

Face Value or Nominal Value – The nominal value printed on a note, security, etc.

Fees – Charges paid for trading services that stock exchanges provide for investors, collected by the broker.

FGC – Portuguese acronym for Credit Guarantee Fund, a private, non-governmental entity in the Brazilian banking system, whose function is to guarantee deposits of up to R\$70,000 (per CPF or CNPJ number), if a financial institution defaults on its obligations. The deposits guaranteed by the FGC refer to checking accounts, savings accounts, CDBs, bills of exchange, mortgage notes and real estate bonds.

Financial Institutions – Organizations authorized to operate by the Central Bank, comprising the financial markets. Commercial banks, investment banks, brokerage firms and credit cooperatives are examples of financial institutions.

Financial Statements – Accounting statements and other information presented by companies, describing a company's economic and financial situation. These statements are presented in nominal values and they also show, for comparison purposes, the results for the previous financial year.

Financial Summary Sheet – An accounting summary of the operations conducted by a company or institution.

Financial Year – Period of time (12 months) at the end of which funds calculate their results. It may or may not coincide with the calendar year, in accordance with the fund's bylaws.

Fixed Rate Note – Note whose profitability is known in advance, from the moment of investment.

Floating Rate Note – Note whose profitability is not known in advance, but is determined generally based on an indexer.

Foreign Exchange – Financial operation that consists of selling, exchanging or buying sums in the currencies of other countries.

Forward Market – Forward contracts are agreements to buy or sell an asset on a given future date for a previously established price. Financial settlement or physical delivery of the asset generally occurs upon expiration. Forward contracts can be traded on a stock market, between two financial institutions or between an institution and a client.

Fractional Lot – Number of stocks smaller than the standard lot.

Free Float – Percentage of equity capital that is found dispersed on a stock exchange (in the hands of minority stockholders), for a given company listed on that market.

Fund Share – Fraction of a fund. The entire equity of a fund is, in fact, the sum of the shares bought by different investors.

Funding – Operation aimed at raising funds by issuing securities or undertaking a credit operation as a borrower.

Futures Market – The market segment that encompasses sale and purchase transactions made in trading sessions of contracts authorized by the futures market, for settlement on a pre-established future date. Trades include a buyer who agrees to pay a given amount on the established date for the goods offered by the seller. The traded object may be a commodity, a security, currency or a reference index, such as the Ibovespa. The traded contracts are standardized by BM&FBOVESPA, which makes trading more agile.

Future Value – Value of capital, incorporating interest from one of several periods.

G

Going Private – Situation in which the securities issued by a company are no longer traded on the market.

Graphic Analysis – Study based on projections of stock prices using past figures. The goal is to establish a purchase or sale price for stocks.

Gross Earnings – Total revenues minus expenses incurred from maintaining the business, such as production, sales and salary costs, without considering deductions for income tax and equity stake expenses.

Gross Return – In financial investments, the set of gains obtained in an operation before deducting income tax.

H

Hedge – An instrument aimed at protecting financial operations against the risk of large variations in the price of a given asset. A hedging strategy consists of making a given investment with the specific objective of reducing or eliminating the risk of another investment or transaction.

Hedge Fund – Term used in the securities markets to describe certain investment funds that use hedging techniques (strategy used to compensate for investment risk).

Holding Company – Company that maintains control of other companies by possessing the majority of their stocks. In general, a holding company's main activity is managing its equity stakes in one or more companies.

I

Ibovespa – This index, based on BM&FBOVESPA S.A. (the São Paulo Stock Exchange and Commodities and Futures Exchange), is designed to gauge the stock market's average performance, tracking changes in the prices of the Brazilian stock market's most actively traded and most representative stocks. This theoretical portfolio is reviewed every four months.

Ibovespa Futuro – Ibovespa derivatives contract traded on the BM&FBOVESPA (the former BM&F). It expresses the Ibovespa's spot price on a future date.

IBX – Abbreviation for "Brazil Index" ("Índice Brasil"), measuring the return made by a theoretical portfolio composed of 100 stocks, selected from the most actively traded stocks on the BM&FBOVESPA, classified in descending order of liquidity and tradability, i.e. the number of trades and the financial volume measured over the last 12 months. The IBX was introduced by BOVESPA in 1997. The stocks that make up the portfolio are weighted in line with the number of stocks available in the market. This theoretical portfolio is reviewed every four months.

IEE – Portuguese acronym for “Electric Power Index” (“Índice de Energia Elétrica”). Index composed exclusively of the stocks of power companies.

IGP-DI – Portuguese acronym for General Price Index – Internal Availability. It measures the variation of prices in the wholesale, consumer and construction markets. It is formed by adding together three other indices: the IPA (Wholesale Price Index), with a 60% weighting; the IPC (Consumer Price Index), with a 30% weighting; and the INCC (National Construction Cost Index), with a 10% weighting. The IGP-DI excludes imported products, considering only what is produced domestically. It is calculated based on prices surveyed from the first to the last day of each month.

Indexer – The index selected to correct values in contracts and financial assets.

Inflation – Persistent, generalized increase in prices, resulting in a currency’s loss of purchasing power.

Initial Investment – Sum required to make the first investment in an investment fund.

INPC – Portuguese acronym for the National Consumer Price Index. Weighted average of the indices produced by IBGE for the metropolitan regions of Brazil (Belém, Fortaleza, Recife, Salvador, Belo Horizonte, Rio de Janeiro, São Paulo, Curitiba, Porto Alegre, Brasília and Goiânia).

Insider – Investor or market player who has access to inside information before it goes public.

Insolvency – Situation in which an individual or legal entity accepts that they are incapable of paying their financial commitments.

Interest – Remuneration that a borrower needs to pay to the lender. It may be simple (when it is calculated on the total amount of capital) or compound (when the interest is added to the loaned capital, forming a new total to calculate the following interest payment).

Investment Bank – Private financial institution specializing in equity or corporate operations to receive fixed or circulating capital, by investing its own resources or resources raised publically. In addition to these operations, investment banks manage portfolios of securities, provide business advice, handle public stock offerings, and institute, organize and manage investment funds.

Investment Fund – Vehicle that brings together investors with the same objectives. The sum total of the investors’ cash, in the form of a condominium, used to buy other assets such as stocks, government bonds and debentures, in line with the strategy determined by the fund in advance. In Brazil, investment funds are regulated by CVM.

Investment Policy – In administering resources, investment policy means the definition of rules and the way of operating relative to the management of an investment portfolio. In the case of investment funds, the investment policy is defined in the bylaws.

IOF – Portuguese acronym for Tax on Financial Operations. For investment funds, this only applies to redemptions made in a period of under 30 days.

IPC/Fipe – Portuguese acronym for Consumer Price Index. Calculates the price variation of a basket of typical consumer goods for the people of the city of São Paulo, calculated by the University of São Paulo’s Economic Research Foundation (Fipe).

IPCA – The federal government’s official index for measuring the inflation targets, as contracted with the IMF as of July 1999.

IPO – Initial Public Offering. Expression meaning the first placement of securities through a public offering on the market by a company.

IR – Portuguese acronym for Income Tax. Tax levied directly on the income earned by individuals and companies. In the case of individuals, the higher the income, the higher the applicable tax rate. For companies, the income tax percentage depends on the type of company and the tax regime it is applicable to.

ISIN – International Securities Identification Number. Code for identifying financial securities, based on an internationally standardized structure. BM&FBOVESPA is the numbering agency in Brazil.

Issue – Operation to put cash or securities into circulation.

J

L

Late-Payment Interest – Interest arising from a payment delay.

LCA – Portuguese acronym for Agribusiness Letter of Credit.

LCI – Portuguese acronym for Real Estate Letter of Credit.

Legal Entity – Expression used to designate institutions, corporations, associations and companies in general.

Leverage – In the case of investment funds, leverage means the possibility of incurring losses greater than the fund's net equity. It is true that this increases the chances of making gains. However, the use of this strategy increases the risk for those participating in an investment fund that uses a leverage strategy. Investors may even be called upon by the administrator to make additional contributions in cash in order to cover any losses. The fund's bylaws and prospectus specify whether or not the fund manager is authorized to engage in this kind of operation.

Liability – The total debts and obligations of a company, investment fund or person.

Limited Order – The investor establishes the maximum or minimum price for which he wants to buy or sell a stock. The operation will only be executed for a price that is equal to, or more favorable than, the price indicated by the investor.

Liquidity – Capacity to convert a security or asset into cash.

M

Majority Stockholder – Stockholder who holds enough stocks with voting rights to guarantee them control of the company.

Managed Order – When an investor authorizes a purchase or sale, but only specifies the quantity and characteristics of the securities or rights he wishes to trade in. The order execution moment is determined at the discretion of the broker.

Manager – Individual or legal entity accredited by CVM as a securities portfolio manager, responsible for buying and selling the assets that are in the investment fund's portfolio, in accordance with its investment policy and bylaws.

Margin – Part of the value of an operation executed on a stock exchange, which the purchaser deposits as a guarantee for the settlement of the trade in a given period, paid in cash, securities or bank guarantee, in line with the criteria established by the stock exchange, and which must be maintained until the expiration or settlement of the forward, future or option contract.

Mark to Market – This means accounting for the assets belonging to a fund portfolio by the daily market value, rather than the acquisition value corrected by the contracted rate. Even funds whose portfolios are composed of fixed-income securities, which have a rate predetermined at the moment of purchase, experience fluctuations until the expiration of the securities. This is because in the financial markets, securities are traded daily on the so-called secondary market. The daily fluctuations in rates are reflected in this market.

Market Order – The investor only tells the broker the quantity and characteristics of the securities he wants to buy or sell.

Market Value – The value that an owner would receive for an asset if it were to be sold today in the market. In the case of stocks, it is the company's value on the stock exchange, i.e. how much an investor would spend to buy all of the company's stock at the current market price. To obtain this value, we multiply the number of each type of company stock by its respective price.

Matched Order – The investor gives a purchase order for a security and a sale order for another, with each one depending on the execution of the other.

Material Fact – Fact that could influence investors' decisions to sell or buy securities issued by a company. In the case of investment funds, any act or fact that could significantly affect the value of shares, or investors' decision to buy, sell or hold such shares, or any other situation so defined in standards, is considered to be a material fact.

Minority Stockholder – Stockholder who holds insufficient stocks to guarantee them control of the company, including in the case of stocks with voting rights.

Mortgage Note – Credit note issued by authorized institutions, guaranteed by mortgage credits, and which grant the right to the nominal value of credits, adjusted for inflation and pre-established interest.

N

NASDAQ – Electronic stock exchange with a computerized system for trading and disclosing the prices of the stocks of over 5,000 companies, headquartered in New York. Functioning since 1970, its operations are focused on the stocks of high-tech companies.

Net Earnings – The balance left over after deducting income tax, financial expenses and equity stake expenses from gross earnings.

Net Return – In financial investments, the set of gains obtained in an operation after deducting income tax.

Nominal Interest – The amount that interest is contracted for.

Nominal Return – Set of gains obtained in an operation without deducting losses arising from inflation.

Novo Mercado – The name of the new company-listing segment of BM&FBOVESPA (formerly BOVESPA). The main advantage of this list is good corporate governance practices – in order to be listed on it, companies must adopt a set of rules that are stricter than those demanded by Brazilian legislation. These practices improve the quality of information provided and expand stockholders' rights.

NTN – Portuguese acronym for National Treasury Notes. Securities designed to prolong the Treasury's debt period. These notes can have a variety of series, each one with a different type of adjustment, such as exchange rate or inflation.

NYSE (New York Stock Exchange) – The oldest (operating since 1792) and largest stock exchange in the United States, located at 11 Wall Street. The NYSE is administered by a board of directors, led by a chairman and comprising another 20 people who represent the public and members of the stock exchange.

O

OGM – Ordinary General Meeting or Annual Stockholders/Shareholders Meeting. Name given to a meeting of stockholders or fund shareholders. At this type of meeting, the company's results for the preceding period are presented, the board's reports are voted on, and members of the audit council are elected. In the case of investment funds, an OGM is a meeting of shareholders that the fund administrator is obliged to call periodically at the end of each financial year to evaluate and deliberate upon the financial statements.

ON – Portuguese acronym for common/ordinary stock. This type of stock grants the owner essential stockholder rights, especially a share in the company's earnings and the right to vote at its meetings. Each common stock corresponds to one vote at general meetings. Brazil's new Corporate Law ("Lei das Sociedades Anônimas") gives minority stockholders holding common stock the right to receive at least 80% of the amount paid by the controller in the case of a sale of control ("tag along" right).

OPA – Portuguese acronym for a mandatory stock offer, arising from an increase in the controlling stockholder's interest in the capital stock of a publicly traded company.

Open Market or Secondary Market – Any market without a determined physical location and with free trading access. In Brazil, one example of an open market is the government bond sale and purchase market, guided and overseen by the Central Bank, a monetary policy instrument to expand or contract the availability of cash in the financial markets, and to optimize liquidity in the economy. In the case of banks, "open market" refers to highly liquid secondary reserves, allowing each bank to instantaneously adjust their own liquidity, remunerating very short-term cash.

Opening Price – The value of a fund share, calculated and made known at the start of the day.

Option – See Options Market.

Option Exercise Date – Expiration date for exercising the right to buy or sell the asset that is the object of the option.

Options Market – Market in which participants trade the rights to purchase (call) or sale (put) options for stocks, stock indices, currencies, futures contracts or securities, with pre-established exercise prices. In the options market, buyers have the right to buy or sell a certain quantity of assets at a pre-established price until a date, while sellers are obliged to sell or buy them as agreed. A purchaser who acquires a call option expects the future price to rise. On the other hand, someone who purchases a put option expects the future price to fall. Sellers have the opposite expectations: if they sell a call option it is because they expect the future price to fall, whereas if they expect the future price rise, they will sell a put option. The difference between the amount paid and received is called the premium.

Order – Instruction given by an investor for a brokerage firm of which he is a client to buy or sell securities.

Over-the-Counter Market – Market in which trades take place outside the stock exchange environment.

P

P/BV (Price per Book Value) – This indicator represents the asset value per share, which is calculated by dividing the company's market value by its equity value, or by dividing the stock price by the stock's book value. A P/BV of 80% indicates that the company is trading at 80% of its net asset value, whereas a company with a P/BV of 140% is trading 40% above its book value. Thus, lower P/BV levels indicate companies with lower price levels.

P/E (Price/Earnings) Ratio – The result of the division of a company's market value by its net earnings. Indicates the number of years that the company will take to provide net earnings equivalent to the amount that the investor would pay for its stock, if the company maintains its current level of profitability.

Passive Management – Management strategy for an investment fund that seeks a similar performance to a given benchmark index, e.g. an equity fund that uses the Ibovespa index as a benchmark for comparing its performance. We can define this equity fund as having passive management if the strategy adopted by its manager is to track the Ibovespa's performance.

Performance Fee – Percentage fee charged to shareholders when the fund's performance exceeds a benchmark index. Not all investment funds levy a performance fee and it may not be levied any more frequently than every six months.

PN – Portuguese acronym for preferred stock. This type of stock grants the owner preference in the distribution of fixed or minimum dividends and repayment of capital. However, these stocks do not confer their stockholder the right to vote at the company's general meetings, or they restrict the exercise of this right. In the event of a change in control of the company, owners of preferred stock are treated differently.

Portfolio – Group of securities and contracts held by an investor or investment fund.

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Premium – When a security is traded on the market for a higher price than the price established when it was issued or bought.

Present Value – Current value of a flow of future payments or receipt, discounted at an interest rate.

Pricing – Act of establishing, based on criteria, the purchase or sale price of a stock, security, etc.

Primary Market – Where stocks and securities arising from new issues are traded for the first time. In the market for ETFs, it is the process of creating shares when a shareholder delivers a basket of assets in exchange for shares in the ETF.

Private Equity – Term related to the type of capital employed in funds, which are mostly constituted through private contractual agreements between investors and managers, and not offered openly on the market, but rather through private placement.

Profitability – Ratio between the current value and the value paid for an investment. The current value is represented by the investment price, plus the earnings already distributed by the issuer or responsible party (dividends, bonuses, prizes, interest, subscription rights, etc.)

Prospectus – Prospectuses are written in clearer language, to be accessible to investors. An investment fund's prospectus contains the information that investors need to know about how

the fund functions. It is a document produced by investment fund administrators and in public offerings of securities, enabling investors to know the investment characteristics.

PU – Portuguese acronym for unit price. How the financial market expresses the price of any assets.

Public Bonds – Notes issued by a federal, state or municipal government.

Publicly Held – Characteristic of a corporation in which the capital is divided in the form of stocks between various stockholders, in addition to those representing the controlling group. Only publicly held companies that are registered with CVM may trade their stock on the Brazilian stock exchange.

Put – Sale option. See definition of Option.

Q

Qualified Investor – Financial institutions, insurance companies, combined savings-lottery companies, open and closed private pension entities, portfolio administrators, investment consultants, and individuals or legal entities that possess financial investments worth more than R\$300,000 (three hundred thousand reais), and that also attest in writing to this condition, through a specific declaration. Investment funds aimed exclusively at “qualified” investors are also considered to be “qualified.”

R

Rating Agency– Agencies dedicated to classifying the risks of a bank, country or asset.

RDB – Portuguese acronym for Bank Deposit Receipt. Type of fixed-income investment whose return comes in the form of an interest rate previously agreed upon and tradable directly with the bank. RDBs do not permit the early withdrawal of invested resources, nor trading on the secondary market.

Real Estate Bond – Note issued by real estate credit companies, designed to raise resources to fund construction companies and property developers, and which pay interest.

Real Interest – The value of nominal interest minus the inflation rate for the period.

Real Return – Set of gains obtained in an operation having deducted losses arising from inflation.

Redemption – Act of payment for a security (trade bill, promissory note, etc.) or receipt of an investment.

Reference Index – The same as benchmark. The name given to the basis of comparison for a product, service, security or rate.

Regulations – Set of rules or provisions established in order for laws to be executed, complying with legislative determinations.

Restricted Period – Contractually established period of time during which investors cannot redeem their funds, or during which they are subject to penalties.

Retained Earnings – The part of a company's profits that is not divided up between stockholders, to function as a reserve for the company.

Rights Offer – When a company gives its stockholders the opportunity to buy new stock for a determined price, normally below the current market price and within a relatively short space of time.

Risk – The possibility of things not turning out as planned. Degree of uncertainty of an investment's profitability (return).

Risk Capital – The share of capital that is invested in risk-based models, i.e. where there is a possibility of high losses or profits.

S

Savings Banks – Institutions of overwhelmingly social nature that make loans to programs and projects in the areas of social welfare, health, education, work, urban transport and sport. Part of the Housing Finance System, they are also tasked with selling lottery tickets and centralizing the collection and investment of all resources in employees' length-of-service funds (FGTS).

Securities Dealer – Operates in the open market, in accordance with the standards demanded by the Central Bank, brokering the placement and issuing of capital in the market, through one-off subscriptions or in consortia for the issuing of securities for resale.

Security – Investment in cash or assets susceptible to monetary evaluation, undertaken by an investor through public fund raising, supplying risk capital to a venture that the investor does not directly manage, but expects to obtain future gains or benefits. In the case of an investment fund, investment performance will depend on the manager's efforts.

Secondary Market – The place where investors trade and transfer between each other securities issued by companies in primary markets. This market only hosts transfers of property and resources between investors, and companies do not participate. BM&FBOVESPA (the former BOVESPA) is the largest secondary market for stocks in Brazil.

Self-Regulation – Set of inspection standards and procedures created by private entities to enforce fair market practices and maintain ethical standards in the operations of their members.

Selic – Portuguese acronym for Special Settlement and Custody System. This is the Central Bank's system to which only accredited financial market institutions have access. Selic's function is to register trades involving federal bonds, receive bonds from sellers, transfer them to buyers and execute financial settlement.

SFN – Portuguese acronym for the National Financial System. The set of financial institutions and instruments that enable the transfer of resources and set the conditions for securities to have liquidity in the financial markets.

Share – Another term for stock. Security that grants the right to a part of a company's equity. It may also be understood as an investment fund share.

Share – Fraction of a fund. The entire equity of a fund is, in fact, the sum of the shares bought by different investors.

Shareholder Meetings – Shareholder meetings are the highest decision-making level of a fund. They are meetings held for the fund's shareholders, with the aim of taking important decisions, often strategic, related to the fund's administration or management.

Sharpe Ratio – Ratio that relates the risk and return involved in a given investment. For financial market professionals, the higher the return and the lower the risk, the higher the Sharpe Ratio rate for an investment.

SISBACEN – Portuguese acronym for the Central Bank's Operations, Registration and Control System. Computerized communication instrument that connects the Central Bank to financial institutions.

Small Caps – Another term for second-tier stocks. The term refers to stock with a relatively small market capitalization.

Sold – Position taken by an investor when he bets on an asset price falling.

Special Auction – Trading session held on a day and at a time determined by the stock exchange. In the case of a sale of equity stakes held by the government in state-owned companies, for example, special auctions known as privatization auctions were held.

Speculation – Operation to systematically buy and sell securities in a short space of time in order to obtain favorable returns. It is different from betting in that, despite the risk involved, it takes place when the person involved perceives a favorable risk-return ratio.

Split – When a company subdivides its stock in order to increase liquidity. Stockholders now have more stocks, but the price is correspondingly lower.

Spread – Difference between the purchase price and sale price of a security or currency. In the case of interest rates, the spread is between the loan rate charged by banks to lenders and the rate paid to the banks' clients to attract funds.

Standard Lot – Number of securities of identified characteristics and in quantities pre-established by the stock exchange.

Stock – Type of security that represents ownership of a fraction of a company's capital. This means that when you buy stocks, you are agreeing to invest in a company and, in exchange, you become a stockholder, receiving a share of the company's earnings.

Stock Auction – When a stock presents a volume or appreciation higher than normal, the stock exchange places the stock in auction mode, seeking to adjust its price.

Stock Exchange Registration – Registration needed for a company to have its stock listed on a stock exchange. Registration depends on compliance with a series of standards established by the stock exchange, including having a valid company registration with CVM and prior authorization for the sale of securities.

Stock Loaning – Service of lending out stocks performed by settlement, registration and custody service entities, previously authorized by the respective stockholders and brokered by securities brokers and deals. The stockholder continues to own the stocks, receive their dividends and exercise other rights related to the stock.

Stock Market – Part of the capital markets consisting of primary offers of new stock, issued by companies, and secondary trading (on a stock exchange or an over-the-counter market) of stocks already in circulation.

Stock Portfolio – Group of stocks in different companies.

Stockholder – Person owning stocks in a corporation.

Subscription – Acquisition of securities issued by a company, in cash or goods, to constitute or increase the company's capital stock.

Swap – See Swap Market.

Swap Market – Swaps mean exchanges. In the case of swap contracts, one can exchange currencies, interest rates or commodities. An interest rate swap may be used to transform a floating rate into a fixed rate, and vice versa. A currency swap can be used to transform a loan in a foreign currency into another currency. It is a more sophisticated operation. As a result, the swap market is mostly used by the treasury departments of banks and investment fund

managers. The idea is for two investors to make “matched” investments, which on the expiration date will serve to protect their cash or as speculation to expand their capital.

T

Tag Along – Tag along is a mechanism to protect minority stockholders in the event that control of the company is sold.

Takeover – Process by which one company acquires control of another company by buying its stocks on the stock exchange. It may be friendly, when there is a prior agreement between the parties.

Third Party Resources – Expression commonly used by financial market professionals to designate assets belonging to other companies or people.

Trading Session – Session in which securities are bought and sold on an exchange. It may take place directly in the dealing room or through an electronic system.

U

Underwriting – Term meaning subscription and denoting the issuing of stocks or debentures for public subscription. These securities are placed by financial institutions authorized to broker stock offerings in the primary market.

Universal Banks – Banks that obligatorily operate commercial or investment bank portfolios simultaneously. Other portfolios available for operations: commercial bank, investment bank and/or development bank (in the latter case, exclusively for official banks), mortgage loan company, credit company, finance and investment company, and leasing company.

V

Volatility – Variable indicating the average degree of intensity and frequency of fluctuations in the prices of financial assets and/or indices (stocks, notes, investment funds, Ibovespa, etc.) in a given period of time. Also called risk measure.

W

Wall Street – This term designates the New York financial community. It is also the name of the street in Manhattan that is home to the New York Stock Exchange, several commodities exchanges and the headquarters of major banks.