

SANTA FÉ AQUARIUS – PROSPECTUS
MULTI-STRATEGY INVESTMENT FUND
Corporate Taxpayer ID (CNPJ) No. 04.621.018/0001-61
("FUND")

**Classification of the FUND at the Brazilian Securities
Commission ("CVM")**

Multi-strategy

**Classification of the FUND at the National Association of
Investment Banks ("ANBID")**

Unleveraged Variable Income Multi-strategy

Date: 10/29/2007

Legal framework: The FUND has been established in conformity with Instructions No. 409/04, No. 450/07 and No. 456/07 of the Brazilian Securities Commission (*Comissão de Valores Mobiliários - CVM*).

THIS PROSPECTUS AIMS AT PROVIDING THE INFORMATION NEEDED TO MEET THE REQUIREMENTS OF ANBID'S SELF-REGULATORY CODE FOR THE INVESTMENT FUND INDUSTRY, AS WELL AS THE NORMS ISSUED BY THE BRAZILIAN SECURITIES COMMISSION (CVM).

THE REGISTRATION GRANTED BY CVM or ANBID FOR THE SALE OF THE FUND'S SHARES IMPLIES NEITHER ENDORSEMENT OF THE ACCURACY OF THE INFORMATION PROVIDED, NOR CONFIRMATION OF COMPLIANCE OF THE FUND'S BY-LAWS OR ITS PROSPECTUS TO THE LEGISLATION IN FORCE; NEITHER DOES IT REPRESENT ANY JUDGMENT WHATSOEVER ON THE PART OF CVM AND ANBID ON THE QUALITY OF THE FUND OR ITS ADMINISTRATOR, MANAGER NOR ANY OTHER SERVICE PROVIDER.

THIS FUND EMPLOYS DERIVATIVE-BASED STRATEGIES AS AN ESSENTIAL PART OF ITS INVESTMENT POLICY. SUCH STRATEGIES, AND THE MEANS FOR IMPLEMENTING THEM, MAY CAUSE SIGNIFICANT LOSSES TO SHAREHOLDERS.

THE FUND'S INVESTMENTS DESCRIBED IN THIS PROSPECTUS EXPOSE INVESTORS TO RISKS. THE FACT THAT THE PORTFOLIO MANAGER ABIDES BY A RISK MANAGEMENT SYSTEM, DOES NOT COMPLETELY ELIMINATE CHANCES OF LOSSES FOR THE FUND AND ITS INVESTORS.

THE HEREIN DESCRIBED INVESTMENT FUND IS NOT GUARANTEED BY THE ADMINISTRATOR, THE PORTFOLIO MANAGER OR ANY OTHER INSURANCE MECHANISM NOR, TO WIT, BY THE CREDIT GUARANTOR FUND –(*Fundo Garantidor de Crédito - FGC*).

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.

THE FUND SEEKS TO MAINTAIN AN ASSET PORTFOLIO WITH AN AVERAGE TENOR IN EXCESS OF 365 DAYS, WHICH MAY GIVE RISE TO GREATER FLUCTUATION IN THE VALUE OF THE SHARES WHEN COMPARED TO THAT OF SIMILAR FUNDS WITH SHORTER -TERM INSTRUMENTS.

THE TAX TREATMENT APPLICABLE TO THE FUND'S INVESTORS DEPENDS ON THE HOLDING PERIOD OF THE INVESTMENT, AS WELL AS ON THE MAINTENANCE OF AN ASSET PORTFOLIO WITH AN AVERAGE TENOR IN EXCESS OF 365 DAYS.

THERE IS NO GUARANTEE THAT THE FUND WILL BE CONSIDERED A LONG-TERM FUND FOR TAX PURPOSES.

THE FUND IS AUTHORIZED TO INVEST IN FINANCIAL ASSETS ABROAD.

THE FUND MAY ALLOCATE MORE THAN 30% OF ITS NET WORTH TO "PRIVATE CREDIT" ASSETS.

THE FUND MAY BE EXPOSED TO SIGNIFICANT CONCENTRATION OF VARIABLE INCOME ASSETS FROM FEW ISSUERS, AND IS SUBJECT TO THEREBY ENSUING RISKS.

WHILE THE INFORMATION CONTAINED HEREIN IS IN AGREEMENT WITH THE FUND'S BY-LAWS, IT DOES NOT, HOWEVER, REPLACE THEM AND WE RECOMMEND A CAREFUL ANALYSIS OF THIS PROSPECTUS AS WELL AS OF THE BY-LAWS, WITH SPECIAL ATTENTION TO THE CLAUSES REFERING TO THE FUND'S OBJECTIVES AND INVESTMENT POLICY, AS WELL AS TO THE PROVISIONS OF THE PROSPECTUS WHICH DESCRIBE THE RISK FACTORS THE FUND IS EXPOSED TO.

Share conversion date:

The day of the redemption request.

Redemption payment date:

First (1st) business day following the share conversion date

Redemption Grace Period:

N/A

I. Fund Management Targets and Objectives

The FUND's objective, to be reached through its Investment Policy, is to offer returns that are consistently superior to those of Interbank Certificates of Deposit (*Certificados de Depósito Interbancário - CDI*).

II. Target Group

The FUND's target group is made up of ordinary investors seeking higher, above average returns than those generally attained in the financial market, with a higher, above average volatility than that of the fixed income assets available in the market.

III. Investment Policy and Asset Allocation Categories

The FUND's Investment Policy is geared towards spot, futures, and options, in Brazilian Equity, Foreign Exchange and Interest Rate markets taking advantage of different markets' directional trends through Market Timing techniques, engaging in purchases, sales, spreads, arbitrages, and combinations thereof. By following a strict capital allocation methodology and clear cut stop loss rules, with thorough risk control; the FUND may reach a direct exposure to Equity spot, futures and options markets of up to thirty percent (30%) of its holdings; to foreign exchange markets of up to one hundred percent (100%) of its assets, and to Brazilian interest rate indexed instruments of up to one hundred percent (100%) of its assets, on a yearly basis.

- Portfolio Composition:

The FUND is classified as a multi-strategy fund and shall invest the capital that make up its portfolio in the following financial assets:

- I. public debt securities;
- II. derivative contracts;
- III. provided the issue or deal has been registered or authorized by the Brazilian Securities Commission (*CVM*): stocks, debentures, subscription bonuses, their coupons, rights, subscription receipts and stock-split certificates, securities deposit certificates, debenture notes, investment fund shares, promissory notes and any other category of securities.
- IV. publicly offered securities or collective investment agreements, registered at the Brazilian Securities Commission (*CVM*), which generate participation, partnership or compensation rights, including those obtained from services provided as a result of efforts made by the entrepreneur or third parties.
- V. deposit certificates or receipts issued abroad and backed by securities issued by Brazilian open corporations;
- VI. gold, as a financial asset, provided it is negotiated according to internationally accepted standards;
- VII. any securities, agreements and operational classes of liabilities or co-liabilities of financial institutions; and
- VIII. warrants, commercial contracts of sale and purchase of products, goods or services for future delivery or performance, securities or certificates representative of such contracts and any other credits, securities, contracts and operational classes as long as they are specifically provided for in the FUND's by-laws;

- Concentration Limits per Issuer and Financial Asset Class:

(i) Limits per Issuer:

| | |
|------------------------------|------|
| Financial Institutions | 20% |
| Open Corporations | 10% |
| Investment Funds | 10% |
| Individuals | 5% |
| Other Private Legal Entities | 5% |
| Federal Government | 100% |

(ii) Limits per Financial Asset Class:

| | | | |
|---|---|--|------|
| GROUP A | Shares of Investment Funds (<i>FI</i>) CVM Instruction 409 | | 100% |
| | Shares of Stock Investment Funds (<i>FIC</i>) CVM Instruction 409 | | 100% |
| | Shares of Index Funds | | 100% |
| | Selection of the following financial assets | Shares of Real Estate Investment Funds (<i>FI Imobiliário</i>) | 20% |
| | | Shares of Receivables Investment Funds (<i>FIDC</i>) | |
| | | Shares of Share Investment Funds (<i>FIC</i>) on Receivables Investment Fund (<i>FIDC</i>) | |
| Real Estate Receivables Certificates (<i>CRI</i>) | | | |
| Other Financial Assets (except those included in group B) | | | |
| GROUP B | Federal Public Securities and Repurchase Agreements | | 100% |
| | Gold bought or alienated in the Commodities and Futures Exchange | | 100% |
| | Securities issued or guaranteed by Financial Institutions | | 50% |
| | Shares negotiated in stock exchanges or over-the-counter markets; | | 100% |
| | Other securities issued through IPOs (except those included in Group A) | | 50% |

Parameters to calculate limits per issuer:

- (i) issuer is any individual or legal entity, investment fund and lawfully segregated net worth, liable or co-liable for the settlement of the financial asset;
- (ii) financial assets which fall under the responsibility of issuers who are members of the same economic group shall be considered as held by one single issuer, i.e. a group made up of the issuer and its parent companies, subsidiaries, affiliates or other groups subject to common control policies;
- (iii) a parent company shall be the holder of rights that ensure prevalence in decisional processes and the power to elect the majority of managers, be it directly or indirectly;
- (iv) affiliates shall be considered to be two corporations when one is the owner of ten percent (10%) or more of the equity capital or the net worth of the other party, without being its parent company;
- (v) two corporations shall be considered to be under common control when they have the same parent company, directly or indirectly, unless they are open corporations with publicly traded stock in a listed segment that requires a minimum of 25% of the shares to be outstanding stocks.

- Other Limits:

The FUND must not hold more than twenty percent (20%) of its net worth in bonds or securities issued by the ADMINISTRATOR, the MANAGER or their affiliates, and it is not allowed to acquire stocks issued by the ADMINISTRATOR.

The FUND is allowed to conduct operations in the treasury counterparts of the ADMINISTRATOR, MANAGER or their affiliates.

The maximum percentage of commitment to shares of investment funds managed by the ADMINISTRATOR, by the MANAGER or their affiliates shall not exceed twenty percent (20%).

The FUND's investments in open corporation stocks, subscription bonuses or receipts, stock certificates, shares of stock investment funds, shares of index and stock funds and Brazilian Depositary Receipts classified as level II and III, pursuant to the terms of Instruction CVM 332/2000, are not subject to concentration restraints per issuer.

The FUND's investments in shares of the same investment fund are limited to ten percent (10%) of its net worth.

The above mentioned concentration limits per issuer and per financial asset class shall be reduced proportionately so as to include the percentage of the FUND's shares in other investment funds.

The FUND's acquisition of shares of investment funds depends on the previously written commitment of the administrator of said funds, who undertakes to inform the ADMINISTRATOR about cases of non-conformity, specifically naming asset and issuer, on the same day they are identified.

Should the investment policy of the funds invested in allow for investments in private credit assets, the ADMINISTRATOR, in order to mitigate the FUND's concentration risk shall, as a rule, consider the maximum percentage of investment in the previously mentioned assets in the consolidation of its limits, unless the administrator of said funds releases information on the portfolio composition on a daily basis.

Under no circumstances shall the FUND invest more than fifty percent (50%) in private credit assets.

The FUND may invest up to twenty percent (20%) in financial assets traded abroad that fall under the same economic category as those specified in the sections of article 8 of the FUND's by-laws, taking into account the criteria of the legislation in force and the concentration rules per issuer and per financial asset class established in said by-laws.

The FUND's acquisition of shares of funds classified as Foreign Debt is not subject to the concentration limits per issuer.

- Repurchase Agreements

In Repurchase Agreements handled by the FUND the concentration limits per issuer established in the by-laws shall be observed:

- (i) regarding issuers of underlying assets:
 - a) when alienated by the FUND through repurchase agreement; and
 - b) provided the acquisition is in compliance with the forward contracts covered by article 1, section V, of the Regulation attached to Resolution No. 3,339 of 2006, issued by the National Monetary Council (CMN);
- (ii) regarding the FUND's counterpart, in transactions without settlement guarantees by settlement and custody clearing systems or service providers duly authorized by the Central Bank or by the Brazilian Securities Commission (CVM).

The following repurchase agreements shall not be subject to concentration limits per issuer:

- (i) repurchase agreements backed by federal public securities;
- (ii) acquisitions, made by the FUND, with repurchase agreement, provided they rely on settlement guarantees provided by settlement and custody clearing systems or service providers duly authorized by the Brazilian Central Bank or by the Brazilian Securities Commission (CVM); and
- (iii) forward sales, mentioned in article 1, section V, of the Regulation attached to Resolution No. 3,339 of 2006, issued by the Brazilian National Monetary Council (CMN).

The concentration limits per financial asset class covered by section (ii) *Concentration Limits per Issuer and per Financial Asset Class* are applicable to the underlying assets of repurchase agreements whenever the FUND undertakes to perform the repurchase.

- Derivatives:

The FUND may engage in transactions conducted in derivative and futures markets provided the following exposure limits are complied with:

- I up to thirty percent (30%) of its assets in cash and futures markets and in stock options;
- II up to one hundred percent (100%) of its assets in exchange ; and
- III up to one hundred percent (100%) of its assets in Brazilian interest rate indexed instruments.

Derivative contracts benchmarked against the assets listed under section I, article 86 of CVM Instruction No. 409 are included in the calculation of the limits applicable to their underlying assets, pursuant to the provisions of § 4, of article 86 of said Instruction.

In the cases referred to in the previous paragraph, the value of the FUND's positions in derivative contracts shall be included cumulatively in the calculation of the concentration limits per issuer, with regard to:

- I – the issuer of the underlying asset; and
- II – the counterpart when it comes to derivatives without settlement guarantees provided by clearing and settlement systems or service providers duly authorized by the Brazilian Central Bank and by the Brazilian Securities Commission (CVM).

IV. Asset Analysis and Selection Process

Assets are short-listed by means of Fundamental Macro and Micro Economic Analyses. The market positioning in the pre-selected assets or “Market Timing” is assessed through Technical Analysis (graphic) aimed at taking advantage of directional movements of the different markets. A rigorous capital allocation methodology, clear stop-loss rules and a tight risk control policy are also employed.

V. The FUND's Service Providers

- Administration:

MELLON SERVIÇOS FINANCEIROS DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIÁRIOS, based in the city and state of Rio de Janeiro, at Av. Presidente Wilson 231, 11th floor, enrolled in the National Corporate Taxpayer Register under No. 02.201.501/0001-61, hereinafter designated as ADMINISTRATOR, is duly authorized to provide securities portfolio management services pursuant to Declaratory Act No. 4.620, issued on 12/19/1997.

- Portfolio Management::

SANTA FÉ PORTFOLIOS LTDA., based in the city and state of São Paulo, at Rua Luigi Galvani, No. 70, 8th floor, enrolled in the National Corporate Taxpayer Register under No. 44.079.192/0001.49, duly authorized to render portfolio securities services pursuant to Declaratory Act No. 1393, issued on May 18, 1990, hereinafter designated PORTFOLIO MANAGER, is responsible for the FUND's portfolio management.

- Custody and Treasury

BANCO BRADESCO S.A., based in Cidade de Deus, s/n, Vila Yara, Cidade de Osasco, Estado de São Paulo, enrolled in the Finance Ministry's National Corporate Taxpayer Register (CNPJ) under No. 60.746.948/0001-12 is responsible for providing custody and treasury services to the FUND.

- Comptrollership

Asset (control and processing of securities) and liabilities (shares bookkeeping) comptrollership services are provided by the ADMINISTRATOR to the FUND.

- Auditing:

Auditing services are provided by *KPMG AUDITORES INDEPENDENTES*, based in the city and state of Rio de Janeiro, at Av. Almirante Barroso, No. 52, 4th floor, enrolled in the National Corporate Taxpayer Register (CNPJ) under No. 57.755.217/0001-29.

- Distribution:

Dealer and brokerage operations as well as share allocation procedures shall be performed by the ADMINISTRATOR and/ or by duly qualified institutions or agents, and a list with the complete qualifications of the service providers is available at the head office or other office locations of the ADMINISTRATOR and the MANAGER and at the ADMINISTRATOR's website at the following address: www.mellonservicosfinanceiros.com.br.

- Other Services

The ADMINISTRATOR may hire other administrative service providers on behalf of the FUND.

VI. THE FUND's Fees and Expenses

-Administration Fees:

As compensation for all the services covered by section V, save for custody and auditing services, the FUND owes the ADMINISTRATOR and other administrative service providers an amount equal to two percent per annum (2.0% p.a.) of the FUND's net worth.

The above mentioned compensation, must be provisioned on a daily basis (calculated on the basis of 252 days per year) on the FUND's net worth and paid monthly, by the 5th subsequent business day after elapsed due date.

Payment of fees to the ADMINISTRATOR and other administrative service providers shall be made directly by the FUND to each one of them, according to the terms and conditions agreed upon, up to the maximum limit of administrative fees established above.

No entrance or exit fees shall be charged by the FUND.

The administrative charges estimated above equal the FUND's minimum administrative charge. Since the FUND may invest in investment fund shares, a maximum administrative charge of four per cent per annum (4% p.a.) of the FUND's net worth is hereby established.

The maximum administrative charge, defined in the previous paragraph, comprises the minimum administrative charge and the maximum percentage that according to the FUND's policy are to be spent in view of the administrative charges of the investment funds invested in by the FUND.

- Performance Fee:

In addition to the compensation defined in the previous section, the FUND shall pay a result-based amount to the MANAGER equivalent to twenty percent (20%) of the appreciation of the FUND's shares in excess of one hundred percent (100%) of interbank deposit certificates (CDI).

The performance fee is provisioned per business day and paid semi-annually, after all other FUND expenditures have been deducted, herein included the administrative fees provided for in the previous section. No performance fee shall be charged when the value of the FUND's shares is lower than it was on the occasion of the last payment made.

- Fund Expenses:

The following expenses shall be debited directly to the FUND:

- a) federal, state, municipal or autarchic entity charges, taxes or contributions which are levied or may be levied on the FUND's assets, rights and liabilities;
- b) expenses in connection with the notarization, printing, issuance and publication of reports provided for in the applicable regulation;
- c) expenses connected to correspondence related to the FUND, including communications addressed to shareholders;
- d) fees and expenses connected to the independent auditors;
- e) compensations and commissions paid for the FUND's operations;
- f) lawyers' fees, court proceedings charges and expenses, incurred in connection with issues related to the interests of the FUND, in or out of court, herein included any amount decided upon in case of rulings against the FUND;
- g) part of the losses not covered by insurance policies and not directly resulting from fault or malice on the part of administrative service providers when performing their respective jobs;
- h) expenses directly or indirectly related to the exercise of the FUND's voting rights on the part of the ADMINISTRATOR or legally appointed representatives at general shareholders' meetings of the firms in which the FUND holds shares;
- i) expenses related to the custody and settlement of operations with securities and other financial assets;
- j) expenses related to the closing of exchange contracts in connection with operations involving securities deposit certificates or receipts.

Any expenses not identified as expenses of the FUND shall be paid for by the ADMINISTRATOR.

VII. Administrator and Manager – Profiles

Administrator's Background:

Mellon Serviços Financeiros DTVM S/A is a subsidiary of Mellon Financial Corporation, specifically set up for providing administrative services to investment funds in Brazil, and has been authorized to manage portfolios by the Declaratory Act No. 4.620 dated December 19, 1997.

Mellon Financial Corporation, founded in 1869, based in Pittsburgh, Pennsylvania, USA, is a financial services corporation that is ranked among world leaders in financial services, boasting assets worth USD 5.5 trillion linked to administration, custody and management, and USD 1 trillion linked to management services (april 2007).

Mellon boasts a wide range of financial products and services through its numerous affiliates, which are among the world's most advanced and renowned names in trust and custody for institutional clients, asset loans, investment management, fund backoffice, performance evaluation, fund administration, investor services and controls and fund accounting for corporate clients, public pension funds, foundations and financial global institutions.

Manager's Background:

Santa Fé Portfólios was founded in São Paulo, in 1981, as an investment consultancy firm; it started out by managing the funds of its partners and a group of clients who joined its founder, Fernando Luis Cardoso Bueno, when he was a partner and director of Corretora Bueno, Vieira, Pereira Lopes & Associados, one of the most active brokerage firms in the Brazilian Capital Market at the time.

When the Brazilian Stock Market opened its doors to foreign capital, pursuant to “Exhibit IV” of Resolution No. 1289/87 of the National Monetary Council (CMN), it started to manage funds of foreign investors.

Currently Santa Fé renders investment consultancy and administrative services, which include portfolio management of mutual investment funds and institutional investors, with a total value of R\$ 60 million on December 31, 2003, employing advanced analysis techniques aimed at increasing its clients’ capital.

VIII. Technical Departments and other tools and services employed to manage the Fund

Economic Department: follows the performance of the national and international macroeconomic environment, developing alternative scenarios, projections and anticipating market and asset trends.

Technical Area / Quantitative: works together with the economic area to identify the right timing for implementing the strategies defined for the FUND. This area is also responsible for industry analyses as well as for selecting the assets of each class.

Risk Analysis: Assesses and monitors the different risks that will be taken by the FUND, be they market, credit or liquidity risks. It makes use of the most modern risk analysis techniques such as VAR , Stress Test, trailing stops and joint stops.

Resources: Disclosure of quotations and news, internal and external reports and publications, the most important financial news letters, as well as debates with political consultants.

IX. Terms and conditions for the purchase and trading of the FUND’s shares

Investments and redemption of the FUND’s shares can be made by: debit and credit in investment accounts, credit order document (DOC), Available Electronic Transfer (TED), or through the Financial Center of Custody and Settlement (CETIP).

Investments made through CETIP, must be redeemed through that same institution.

The FUND does not sell shares / take investments, buy shares / effect redemptions on national holidays. On state and municipal holidays the FUND operates as usual, assessing the value of the shares, receiving investments, accepting redemption and payment requests.

The value of the shares shall be calculated at the end of the business day, after the closing of the markets where the FUND operates.

- Share acquisition/ Investments:

When applicable, investments shall only be considered effective after the funds are available in the FUND’s investment account.

The ADMINISTRATOR may, at any moment, put new investments in the FUND on hold, and this shall apply indistinguishably to both new investors and current shareholders. Closing the FUND for investments on a certain day does not preclude the subsequent re-opening of the FUND for investments.

When the FUND issues shares, the value of the share shall be the value in force on the day of the effective availability of the resources entrusted by the investor to the ADMINISTRATOR, at its head office or other office locations..

The FUND’s shares shall not be object of assignment or transfer, save in case of judicial ruling, execution of guarantee or universal succession.

Investments can be made by two persons with joint and several liability. For all practical purposes, as far as the ADMINISTRATOR is concerned, each co-investor is considered as being the sole proprietor of the shares underlying the joint property, and the ADMINISTRATOR is not liable for any payment made to one of them, individually, or to both of them jointly. Each co-investor, individually, and without consent of the other, may invest, request and receive full or partial redemption, give receipts and practice any act whatsoever that is inherent to the ownership of the shares.

Information on investments must be submitted by 2 o’clock p.m.. Investments made after the pre-determined timetable shall be considered effective on the following day.

- Sale of Shares/ Redemption:

Redemption of the FUND’s shares is not subject to any waiting period, and can be requested at any moment, and shall be paid on the first (1st) business day after the date of the conversion of the shares.

The share conversion date shall be considered to be the same date of the redemption request.

Should the residual amount of shares be lower than the minimum established by the ADMINISTRATOR when the redemption request is approved, the total amount of shares shall be automatically redeemed.

Exceptionally, in cases of lack of liquidity of the assets that make up the FUND's portfolio, which may also be due to redemptions that are not compatible with the existing liquidity, or that might involve changes in the tax treatment of the FUND or of the group of shareholders, to the detriment of the latter, the ADMINISTRATOR shall declare the FUND closed for redemptions, and it is then mandatory to summon, within one business day at the most, a Special Shareholders' Meeting, to decide on the following alternatives to be implemented within 15 days from the day redemptions were suspended:

- a) replacement of ADMINISTRATOR, PORTFOLIO MANAGER or both;
- b) re-opening or maintenance of redemption closure;
- c) possibility of redemption payment in securities;
- d) split-up of the FUND;
- e) liquidation of the FUND.

Redemptions must be disclosed by 2:00 o'clock p.m. Requests made after the pre-determined time schedule shall be considered effective on the subsequent business day.

- Information on Purchase and Sale of Shares

Minimum initial investment : one thousand reais (R\$ 1,000.00);

Maximum initial investment: none, once the maximum percentage of FUND shares that can be held by a single share holder, i.e. fifty percent (50%), is complied with.

Minimum amount in subsequent purchases / sales : five hundred reais (R\$ 500.00);

Minimum outstanding balance: five hundred reais (R\$ 500.00);

Grace period: N/A

X. Income Distribution Policy

The amounts ascribed to the FUND by way of dividends, interest rates on own capital and other returns deriving from assets that make up the FUND's portfolio, must be incorporated to the FUND's net worth.

XI. Risks Undertaken by the Fund

Since it is a multi-strategy fund there is no commitment to concentration on a specific risk factor.

The FUND may be exposed to a significant concentration in assets of few issuers and the ensuing risks.

Before taking an investment decision in the FUND, potential investors must carefully assess, taking into consideration their own financial situation and their investment objectives, all the information available in this prospectus and in the FUND's by-laws and, in particular, evaluate the risk factors described below:

General Risks:

The FUND is subject to stock market oscillations and conditions, especially in exchange markets, interest rate markets, stock exchanges and derivative markets, which are significantly affected by the political and economic national and international scenarios.

Considering that it is a medium to long term investment, there may be some oscillation in the value of the shares in the short term, which might also incur losses above the amount of capital invested and the consequent obligation of the shareholder to invest additional funds to cover the FUND's loss.

Market Risk

It involves the risk of oscillation of the value of the assets in the FUND's portfolio. The value of the securities may increase or decrease, according to market price fluctuations and quotations, interest rates and performance of the issuing firms. Should there be a decrease in the value of the assets that make up the portfolio, the FUND's net worth may be adversely affected. The drop in the prices of the assets that make up the Portfolio may be temporary, but there is, nevertheless, no guarantee that it might not last for long or for undetermined periods of time.

During specific market moments the volatility of the prices of assets and derivatives can be high, which may cause sharp oscillations in the fund's results.

Credit Risk:

It involves the risk that the issuers of fixed income securities that are part of the portfolio default on their obligation to pay both the principal and the respective interest rates on their debts with the FUND. Furthermore, derivative contracts may be subject to counterparty risks or the risk that the credit guarantor does not fulfill the settlement terms.

Liquidity Risk

Liquidity Risk is characterized by low or even lacking demand for the securities that make up the FUND's portfolio. Should that be the case, the FUND may not be able to effect the payments relative to the redemption of the FUND's shares within four days at most, as set forth in the by-laws and in the regulations in force, when requested by the shareholders. This scenario may occur due to lack of liquidity in the markets where the securities that make up the Portfolio are traded or due to other atypical market conditions.

Risks related to the concentration of securities of a single issuer

The possibility of concentration of the portfolio in securities of a single issuer represents an asset liquidity risk. Changes in the financial circumstances of a firm or a group of firms, changes in the performance projections of the firms and in the competitive capacity of the sector where investments occurred may, independently or cumulatively, adversely affect the price and/ or return of the assets in the FUND's portfolio. In such cases, the ADMINISTRATOR may be forced to liquidate the FUND's assets at depreciated prices, which may have an adverse impact on the value of the FUND's shares.

Derivative –based Risk

The FUND operates in derivative markets as part of its investment strategy. These operations may not yield the intended effects, causing sharp and significant oscillations in the FUND's performance and thereby resulting in losses to shareholders. This may occur because the price of derivatives depends not only on the price of the underlying asset in the cash market, but also on other pricing parameters that are based on future prospects. Even if the price of the underlying asset remains unchanged, there may be variation in the prices of derivatives, which might contribute to the portfolio's increased volatility.

The risk of operating with an exposure that is bigger than the net worth can be defined as the possibility of the gains of the FUND being lower than the operational costs, and thereby insufficient to cover the financial costs. A fund that operates with exposure levels that are higher than its net worth represents additional risks for investors. The prices of the assets and of the derivatives might suffer significant changes, which, in turn might lead to significant loss or profit.

Foreign Market Risk:

The FUND may include in its portfolio financial assets traded abroad, and consequently, its performance can be affected by legal or regulatory requirements, by tax requirements relative to the countries invested in or, still, by the variation of the Real against other currencies. The FUND's investments are exposed to changes in the political, economic and social conditions of the countries invested in, which might have a negative impact on the value of its assets. There may occur delays in the transfer of interest rates, dividends, capital gains or principal among the countries the FUND invests in and Brazil, which may affect the FUND's liquidity or performance. The FUND's operations may be conducted in stock exchanges, commodities and futures exchanges or registered in the financial custody and settlement registration systems of different countries that might be subject to different levels of regulation and supervised by recognized local officials, but there are no guarantees regarding the integrity of the transactions or equal access conditions to local markets.

XII. Risk Management Policy

The ADMINISTRATOR's risk management policy is based on two methodologies: *Value at Risk* (VaR) and *Stress Testing*.

Value at Risk (VaR) offers an appraisal of the worst expected loss regarding an asset or portfolio for a particular period of time and a previously specified confidence interval. The ADMINISTRATOR's methodology calculates the V&R parametrically, specifying a level of confidence of ninety seven point five percent (97.05%) for a one day time frame.

Stress Testing is a process that aims at identifying and managing situations that may cause extraordinary losses, with the collapse of historical relations, be they temporary or permanent and entails evaluating the financial impact and the ensuing determination of profit and loss potentials that the FUND may be subject to, in case of extreme scenarios, taking into account macroeconomic variables, when prices of assets would be prone to differ substantially from the current ones. This test is based on a set of tools that include scenarios, abnormal conditions, volatility, correlation, contingency policy mock models. Scenario analyses entail evaluating the portfolio according to different natural circumstances, involving variable movements of key elements, which cause the need to use full evaluation methods (re-pricing). The scenarios supply a description of the joint movements of financial variables, which might be taken from historic events (historic scenarios) or likely economic and political developments (prospective scenarios). In order to conduct the *Stress Testing*, the ADMINISTRATOR conjures up extreme daily scenarios based on hypothetical scenarios that are available at the Futures and Commodities Exchange (BM&F), which are periodically revised by the ADMINISTRATOR, so as to keep them consistent and up to date.

THE RISK MANAGEMENT METHODS EMPLOYED BY THE ADMINISTRATOR TO DEAL WITH THE RISKS THE FUND IS EXPOSED TO DO NOT REPRESENT ANY KIND OF GUARANTEE AGAINST POSSIBLE CAPITAL LOSSES THAT MAY BE INCURRED BY THE FUND.

Should the equity capital become negative, each shareholder, upon request of the ADMINISTRATOR, is required to promptly add funds in an amount sufficient to fully cover the losses of the FUND, proportionately to the number of shares he/she holds in the FUND.

XIII. Taxation applicable to the FUND and its shareholders

The FUND's portfolio is not subject to any kind of taxation whatsoever.

Shareholders' reported gains shall be subject to the following taxes:

- a) Tax on Credit, Exchange and Insurance Operations or transactions connected to Securities – IOF (Tax on Financial Operations): this tax amounts to one percent (1%) per day, on the redemption value. However, as the tax is limited to investment returns according to tenor, the regulation makes use of a regressive evaluation table to ascertain the amount to be paid, starting with a factor of ninety six percent (96%), applied on the returns (for those who make the redemption on the first business day after the investment date) and down to zero for those who make the redemption on the thirtieth (30th) day after the investment date.
- b) Income tax withheld at source: this tax shall be levied on the last business day of the months of May and November of each year (*share erosion mode*: i.e. as it is levied regardless of redemption, its payment decreases the number of shares), or upon redemption, if same occurs on a prior date, in addition to the following:
 - (i) while the FUND maintains a short-term portfolio, which is characterized by a securities portfolio with an average tenor above three hundred and sixty five (365) days, the tax shall be levied according to the following rates:
 - I. twenty two point five percent (22,5%) , in investments with a tenor of up to one hundred and eighty (180) days;
 - II. twenty percent (20%), in vestments with tenors varying from one hundred and eighty one (181) days to three hundred and sixty days (360);
 - III. seventeen point five percent (17.5 %), in investments varying from three hundred and sixty one days (361) to seven hundred and twenty (720) days;
 - IV. fifteen percent (15%), in investments with tenors above seven hundred and twenty (720) days;
 - (ii) should the FUND fall under section (i), when the tax is levied according to the share erosion mode, i.e. as it is levied regardless of redemption, its payment decreases the number of shares, the income tax shall be withheld at source according to a fifteen percent rate (15%). On the occasion of redemption of the shares any supplementary tax rate corresponding to the difference between the rate employed and that used in the share erosion mode and applicable according to the above section shall be calculated and levied.
 - (iii) if, for strategic or operational reasons resulting from the fact that the FUND pursues a specific investment policy, the FUND's portfolio features short-term characteristics, characterized by a securities portfolio with an average term equal to or below three hundred and sixty five days (365), the tax shall be levied according to the following rates:
 - I. twenty two point five percent (22.5%), on investments with a tenor up to 180 days (180);
 - II. twenty percent (20%), in investments with a tenor above one hundred and eighty days (180);
 - (iv) should the FUND fall under the hypothesis covered by section (iii), when the tax is levied according to the share erosion mode: i.e. as it is levied regardless of redemption, its payment decreases the number of shares, the income tax shall be withheld at source according to a twenty percent rate (20%). On the occasion of every share redemption, a rate add-on shall be charged if there is a difference between the rate in force in the share erosion mode and the rate applicable according to the above section.

It is hereby expressly stated that any change in the rates the investor is subject to, even if it results in a burden for the shareholder, shall not be understood or interpreted as an act of responsibility of the ADMINISTRATOR and/or the PORTFOLIO MANAGER, since the management of the portfolio and, in point of fact, its fiscal impacts, are based on best

efforts and best endeavor, and consequently neither the ADMINISTRATOR nor the PORTFOLIO MANAGER can guarantee any results to the FUND's shareholders, even those of fiscal nature.

THERE IS NO GUARANTEE THAT THE FUND WILL BE SUBJECT TO LONG-TERM FUND TAX TREATMENT.

XIV. Policy related to the exercise of the fund's voting rights

The policy related to the exercise of the FUND's voting rights in the General Shareholders' Meetings of companies in which the FUND holds shares involves not attending the voting sessions.

XV. Information Disclosure Policy

The ADMINISTRATOR, in compliance with the FUND's information disclosure policy is liable for:

- a) daily disclosure of the value of the FUND's shares as well as its net worth.;
- b) sending monthly account statements to shareholders that include at least the minimum information required by the regulation in force;

The following information about the FUND shall be made uniformly available to all shareholders by the ADMINISTRATOR at its head office, subsidiaries and other office locations as indicated below:

- a) daily: news letter according to CVM's model, covering two business days;
- b) monthly : and up until ten (10) running days after the closing of the month they refer to:
 - i) Trial balance;
 - ii) Statement of portfolio composition and diversification; and
 - iii) Monthly profile
- c) annually and within a time frame of ninety (90) running days, counted as of the closing of the year they refer to: accounting statements accompanied by the independent auditor's opinion;
- d) standardized form with the FUND's basic information, named "Fund Information Statement," whenever there is a change in regulations, on the first day of enforcement of any changes agreed upon at a general shareholders' meeting.

The ADMINISTRATOR undertakes to send a summary of the deliberations of the general shareholders' meeting to each shareholder within at most thirty (30) running days after the date the meeting was held, and may to this end make use of the above mentioned account statement. Should the meeting be held in the last ten days of the month, it may use the account statement of the month following the meeting.

If the shareholder has not informed the ADMINISTRATOR of change of mail or electronic address, the ADMINISTRATOR is not required to provide the information stipulated by the regulation in effect, from the point in time when the last correspondence is returned due to inaccuracy in the given address.

The ADMINISTRATOR undertakes to readily disclose, through correspondence to all shareholders and communication to the System of Document Delivery available at CVM's home page at the web, any act or relevant fact occurred or related to the FUND's operations or the assets that comprise its portfolio, so as to guarantee to all shareholders access to information that may significantly influence the value of the shares or their decisions to purchase, alienate or maintain said shares.

Accounting Statements shall be made available by the ADMINISTRATOR to any interested person who requests them within ninety (90) running days after the accounting period expires.

-Addresses and contacts at head office:

Address: Av. Presidente Wilson, nº 231, 11º andar, Centro, Rio de Janeiro, RJ.
Contact: Simone Rosa
e-mail: simone@mellonbrasil.com.br
Home Page: <http://www.mellonservicosfinanceiros.com.br>
Tel: (21) 3974-4500
Fax: (21) 3974-4501

Information on the FUND is disclosed and available at the above listed addresses.

The ADMINISTRATOR has a shareholder assistance service, responsible for answering questions, settling doubts and answering complaints and available to shareholders at previously mentioned locations.

Any questions related to the management of the FUND's portfolio can be made to the shareholder customer assistance department at the Portfolio manager, at the address:

Rua Luigi Galvani, 70 - 8º Andar
São Paulo – SP
Tel.: (11) 5506-8020/Fax.: (11) 5505-3130
Home Page: <http://www.santafe.com.br>
Contact: Paulo Battistella Bueno
e-mail: paulo@santafe.com.br
Tel: (11) 5506-8020

XVI. Performance of the FUND in previous fiscal years

The FUND's performance in previous fiscal years, as well as other information regarding previous fiscal years, such as accounting statements, reports from the FUND's ADMINISTRATOR and other required documents pursuant to regulatory provisions, and which have been disclosed in the past, can be obtained, by means of a written request, submitted to the ADMINISTRATOR at its office locations listed in section XV above.