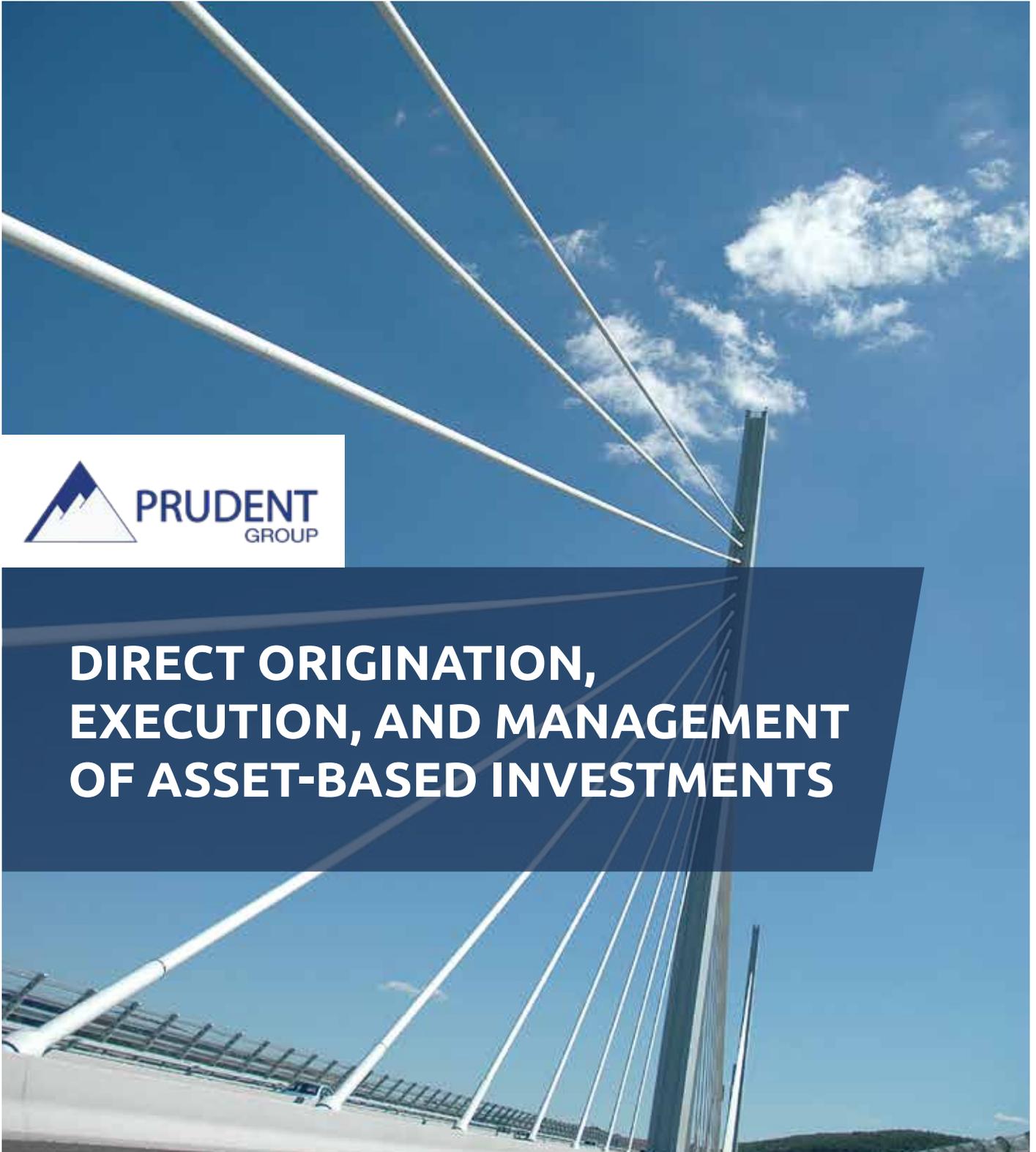


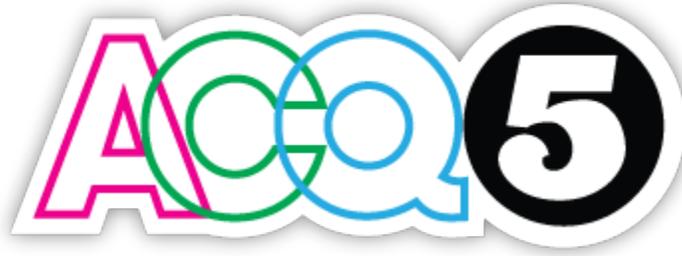


CORPORATE • HEALTHCARE • CONSTRUCTION • BUSINESS OF SPORT • AUTOMOTIVE

POWERED BY 



DIRECT ORIGINATION, EXECUTION, AND MANAGEMENT OF ASSET-BASED INVESTMENTS



Prudent is proud to announce we have received several prestigious awards issued by ACQ5 as part of their 2018 Global Awards. In fact, Prudent was recognized as the most decorated fund management firm of the year.

ACQ5 is a leading corporate magazine news site, serving the global finance sector since 2003. The publication caters exclusively to CEO's, CFO's and senior management at major organizations, as well as corporate finance and private equity executives from all corners of the globe.

Since 2006, the ACQ5 Global Awards has celebrated achievement, innovation and brilliance in their annual awards and is the single largest program of their kind in the market. The ACQ5 Global Awards are held to such a high standard within the industry due to their completely independent nomination process and that the award winners are chosen by the industry members themselves.

Every year ACQ5 conducts surveys throughout their 210,000+ readers and other industry players to identify the companies that are most deserving of the awards given the subject criteria for a given award. These awards truly represent an endorsement of outstanding achievements as they are the only industry honors given purely on the basis of voter participation.

Prudent is proud to announce that we received the following distinctions:

- **INTERNATIONAL FUND MANAGEMENT FIRM OF THE YEAR (LATAM FOCUSED)**
- **AMERICAS / EUROPE - CROSS BORDER HEDGE FUND MANAGEMENT FIRM OF THE YEAR**
- **LATAM - OPEN ENDED SPECIAL INVESTMENT FUND OF THE YEAR, THE PRUDENT INVESTMENT FUND**
- **INTERNATIONAL - GAMECHANGER OF THE YEAR, TEAM APPROACH**

This milestone is a proud moment for the Prudent family. We thank you for your continued support and belief in our strategy, operation and organization. We look forward to a prosperous year and many more to follow.

Who is The Prudent Group?

Prudent Group is a credit oriented global, alternative investment manager with offices in Sao Paulo, Rio de Janeiro, Porto Alegre, the Cayman Islands, Miami, Vienna and Luxembourg. Prudent specializes in direct origination, execution, and management of asset-based investments. Prudent Group's senior management has, on average, 25 years of expertise in global capital markets, structured products, emerging markets investing, and/or local market experience. Prudent Group focuses on investment strategies that seek to provide investors with an excellent long-term capital appreciation or an attractive current yield primarily through working capital financing secured by realizable collateral.

The current corporate structure of Prudent Group is the result of over 10 years of planning, preparation, and execution by the firm's senior management. Dennis Klemming – Prudent's Chairman – has over 30 years of experience with a focus on all aspects of capital markets. Mr. Klemming has conducted business all over the world; however, while managing a global fund distribution business in the late 1990's, he became more intimately involved with Brazilian capital markets and credit opportunities in which Prudent's funds currently transact. During a trip to Brazil, Mr. Klemming met Giovanni Cataldi, who through his decades of experience in the industry possessed a prowess for identifying and implementing investment structures and strategies particularly in the underserved small- to mid-cap credit financing space. By combining and leveraging their respective unique expertise, Mr. Klemming and Mr. Cataldi forged a relationship which would lay the foundation of what would become the Prudent Group.

After researching the Brazilian opportunity set, testing the feasibility of launching an investment product, and identifying necessary partners, Prudent's Board of Directors in Luxembourg began structuring the Prudent Investment Fund as an entry point for institutional investors to access this market.



Greetings from one of Prudent's Sales Teams

The Brazilian Opportunity

Brazil presents an intriguing opportunity as it is a world leader in size, population, and most soft commodities, but has remained an emerging market due to ongoing political instability, lack of traditional banking/capital markets, and more recently, one of the worst recessions in the country's history. Despite these challenges, Brazil's geographic location relative to North America, Africa, and Europe - along with abundant resources and strong industrial know-how - make it a logical location for corporations to headquarter their South American operations.

Capital markets in Brazil are largely inefficient. Large corporations in Brazil have the attention of banks, which cater to the top 10% of

companies. As a cost of financing, investment grade, multi-national companies can expect rates between 10% to 14% annually, while lesser credit-worthy counterparties could expect to pay as much as 20% or more annually. This leaves a void of financing for the roughly 90% of small and mid-sized businesses ("SMEs") which serve as local suppliers to blue-chip companies in operation throughout Brazil. The historical lack of traditional financing to SMEs led to the prominent practice of short-term, working capital lending over the past several decades. Local finance companies, or alternative lenders, providing working capital to SMEs operate in a sophisticated and government regulated

commercial receivables market. Prudent estimates that the annual opportunity for providing working capital to SMEs in Brazil to be approximately USD \$500 billion.

Brazil is one of the few countries where a financial services firm can enjoy meaningful nominal and real returns on capital. In the developed world, risk free rates are zero and, in some cases, negative. In Brazil with the banking sector still focusing more on the mid-to large-cap market as well as consumer loans, Prudent positioned itself to gain market share and earn very attractive nominal and real rates of return in the underserved small-to mid-cap market segment.

The Prudent Approach

Prudent Group officially formed in 2010 and began generating a track record of investments in 2011 with capital from the principals as well as friends and family. The Prudent Investment Fund – Diversified Corporate Lending Fund was approved by the CSSF in Luxembourg in 2014, at which point the firm began raising external capital. To bring the Diversified Corporate Lending Fund to life required a combination of investment management know-how along with industry contacts to implement the necessary structure, engage the needed service providers, and build teams at dual fund levels: the operational local fund level, located primarily in Brazil and the administrative oversight fund level, located primarily in Luxembourg. The success of this strategy led to the development of a Cayman Island based offering, as well.

The consistent and stable returns generated by these structures is a major catalyst behind Prudent's rapidly growing separate mandate business offering exclusive tailor-made-solutions to larger institutional investors.

The Diversified Corporate Lending Fund is Prudent's flagship vehicle. The strategy invests in receivables and working capital financing in Brazil. The Diversified Corporate Lending Fund provides loans primarily to regulated structures, such as FIDC-funds in Brazil supported by the credit consultants, which utilize those funds to purchase receivables at a discount from SMEs. These receivables are typically 60 days in maturity with attractive monthly returns. When conducting these transactions, Prudent is secured not only by the borrower of the capital but also the payee, creating an

opportunity for Prudent to achieve the spreads associated with financing the borrower while having recourse against the higher credit quality payee, resulting in a very compelling risk-reward ratio.

Prudent's strategy is unique in that it provides a platform for institutional investors to generate strong, risk-adjusted returns from developed finance companies. These finance companies, or platforms, are staffed with experienced professionals and built with highly robust policies and procedures guiding the investment process.

Prudent Group added a second vehicle, the Prudent Yield Fund, in 2017 which implemented an additional security layer: the benefit of an insurance wrapper on the

strategy. The consistent performance of the Prudent Investment Fund has led the Prudent Group to be recognized as a serious player in the emerging markets credit space. The group's concept, has now been validated, not only evident by its growing AUM in the Diversified Corporate Lending Fund and Yield Fund, but also the barriers to entry into this credit niche. Effectively maneuvering the regulatory environment, forming relationships, and navigating the language barrier creates significant obstacles, which without a significant presence on the ground and a local infrastructure in place, makes it almost impossible for international investors to successfully enter and profit from the Brazilian receivables market.



Prudent's back office team in the São Paulo office welcomes you



Prudent's New Strategies

Having solidified a strong foundation with total committed assets of well over \$500mm, Prudent rolled out three new strategies in 2018. Aimed at capturing both the domestic US investor and the offshore marketplace, the Payment Processing Fund, Mezzanine Fund, and North America Opportunity Fund are offered through Cayman Island, and U.S. vehicles. These strategies each of which are described below have been met with great reception due to the stellar performance of each dynamic strategy since their inception.

Prudent Payment Processing Fund: Over the past few years Prudent Group has developed a platform to invest in the highly lucrative payment processing market in Brazil. The Prudent Payment Processing Fund provides external fund investors an opportunity to generate stable, consistent returns by advancing funds to merchants to bridge the gap between their customer's transaction and the merchant being reimbursed. Currently, merchants (stores, service providers, etc.) wait 30 to 45 days to receive payment from a credit card transaction creating a significant strain on their working capital position. Through Prudent's proprietary process, this strategy will provide financing against these credit card receivables while assuming the counterparty payor risk of the large issuing banks.

Prudent Mezzanine Fund: Prudent's senior management has had a long-standing relationship with a local, prominent restructuring / turn-around consulting firm. The firm has amassed a 20-year track record with minimal losses investing in and taking over operational control of good businesses



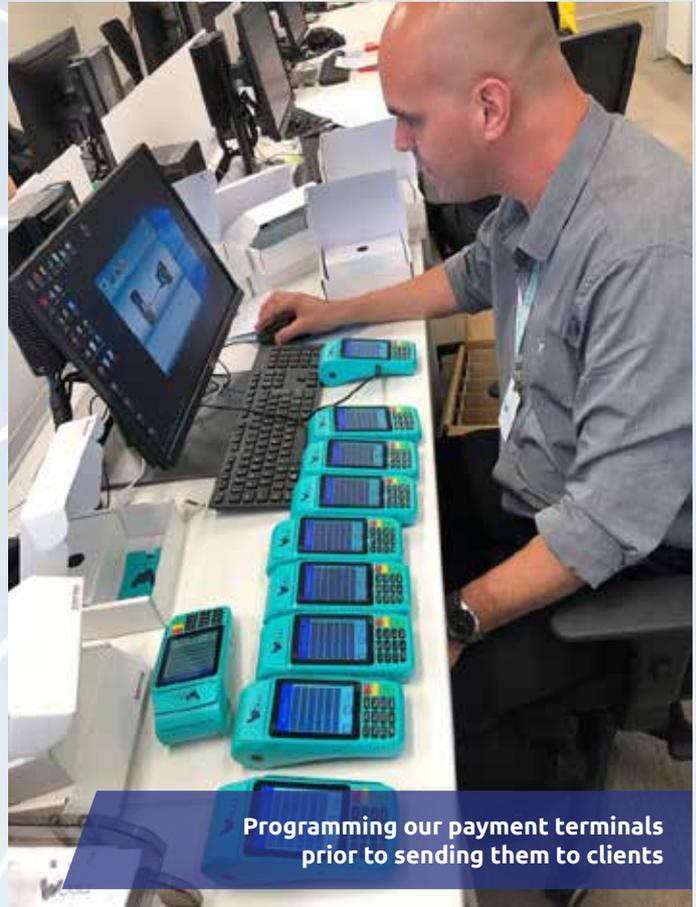
Local Customer Service Team hard at work



Our Healthcare Operator in the North America Opportunity Fund

that have fallen on hard times, and leading them back to, or beyond, the levels of success they had previously experienced. This strategy capitalizes on the firm's expertise by financing the supply chain of the counterparties engaged by our local partner with an additional equity participation component.

Prudent North America Opportunity Fund: Given Prudent's significant direct lending experience in its existing fund vehicles, North America presented a logical expansion of its fund business. Prudent has identified multiple borrowers operating in unique sectors that have existing financing needs for planned growth within North America. The businesses in these distinct sectors all offer realizable collateral when receiving financing – such as earned receivables with end payors that have strong credit quality.



Programming our payment terminals prior to sending them to clients

Prudent Corporate Finance

The tremendous success of Prudent's fund operations was the driving force behind the birth of the Corporate Finance division. Prudent Corporate Finance is a team of seasoned Wall Street professionals, spearheaded by the former Head of Emerging Markets at Bank of America. This team provides investment banking advisory services to Latin American and North American companies, funds, family offices, asset managers and other clients with respect to the execution of their investment strategies and fund-raising efforts. The Prudent Corporate Finance management team has successfully raised and deployed in excess of \$15bn

over the course of their careers for a multitude of different companies, industries and investment structures. Prudent Corporate Finance is currently engaged in joint venture with a number of Latin American athletic associations to effectuate the international distribution of their content rights.

The continued expansion of our operations has made 2018 an extremely successful year for Prudent. In 2019 we anticipate an equally prosperous year as Brazil continues its economic resurgence. A wave of exuberance has spread throughout the nation as a result of the Jair Bolsonaro victory in the 2018 Presidential Election.



Prudent's Outlook

The President promises to open up the resource-rich economy to private investment, strengthen ties to the U.S. and unleash an aggressive crackdown on epidemic crime and corruption. He intends to make Brazil an easier and more attractive place to do business; thus, we see the regulation for asset managers becoming more open and market-friendly.

President Trump was among the first to call Bolsonaro after his election and pledge a strong commitment to work closely on military, economic and trade opportunities between the nations. This March, Mr. Bolosnaro visited Mr. Trump in Washington D.C. to discuss the necessary steps in order to strengthen the relations of the countries. This meeting has set the stage for future discussions and the prospect of reaching a free-trade agreement.

Trade between the two countries is high, in fact the US goods trade surplus with

Brazil was \$7.8 billion in 2017, a 93.6% increase (\$3.8 billion) over 2016 and it has a services trade surplus of approximately \$19 billion with Brazil in 2017, up 9.6% from 2016. Even more, the announcement of a multibillion-dollar joint venture between Boeing and Embraer (a powerful Brazilian aerospace company), will not only be extremely lucrative for both sides, but will deliver more jobs in Brazil, more technology and more access to capital.

President Bolsonaro's plans to tackle the overhaul of Brazil's fiscally burdensome pension system, which investors are watching closely. He plans on starting these reforms with an increase in the minimum age of retirement as Brazil has one of the youngest retirement ages amongst developing countries. Enormous pensions are a major cause of Brazil's gaping budget deficit and growing public debt, an unsustainable situation that is becoming more acute as the population ages and more people retire.

Further, the dynamics of the Brazilian asset management industry are shifting greatly. Political, technological and economic forces are combining in new ways; unleashing an energy that's reverberating through the South American country. The increasing likelihood of strengthened relations with the United States combined with both public debt reforms and commitment to combat systematic political corruption will unquestionably increase investor confidence and foreign direct investment into Brazil.

At Prudent, we look forward to participating in the benefit of the economic rejuvenation this administration will generate throughout the nation. The policies of the

Bolsonaro administration will foster an environment which will allow the SMEs we work with to flourish, which in turn will facilitate the need for additional working capital. As these policies come into effect, they will propel Brazil to previously unseen heights.

Prudent looks forward to the global expansion of its brand through the growth of current relations and development of new institutional relationships. We will continue to monitor developments and make the proper adjustments to position ourselves for continued future success. 2019 and also 2020 look to be monumental years for both Brazil and the Prudent Family.

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