

Newfoundland

Capital Management

Firm Brochure

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This brochure provides information about the qualifications and business practices of Newfoundland Capital Management (“Newfoundland” or the “Company”). If you have any questions about the contents of this brochure, please contact us at (646) 435-2774 and/or compliance@newfcap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Newfoundland is also available on the SEC’s website at:

www.adviserinfo.sec.gov.

Any reference to Newfoundland as a “registered investment adviser” or as being “registered” does not imply a certain level of skill or training.

Item 2: Material Changes

This brochure contains information about Newfoundland upon its initial application to register as an investment adviser with the SEC. In the future, this item will summarize the material changes, if any, made to this brochure as part of the Company's annual update.

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Item 4: Advisory Business

Newfoundland is an exempted company incorporated in the Cayman Islands and provides discretionary investment management services to pooled investment vehicles. Formed in November 2009, Newfoundland is owned and controlled by Eric M. Fonseca and Jonathan M. Rosenthal. As of December 31, 2013, Newfoundland had approximately \$160 million in regulatory assets under management.

Newfoundland provides discretionary investment advice to the following private investment funds (collectively, the “Funds”):

1. **Newfoundland Terranova Fund**, a Cayman Islands exempted company (the “Master Fund”);
2. **Newfoundland Terranova Offshore Fund**, a Cayman Islands exempted company (the “Feeder Fund”), which invests solely in the Master Fund; and
3. **Newfoundland Colombia Select Fund**, a series of the Newfoundland Select Funds, LLC, a Delaware limited liability company (the “Select Fund”).

In addition, an affiliated investment adviser that is under common ownership with Newfoundland, Terra Vista Gestors de Recursos Ltda. (“Terra Vista”), provides investment management services to:

4. **Newfoundland Armadillo Fund**, a Cayman Islands exempted company (the “Armadillo Fund”), and
5. **Newfoundland Armadillo Offshore Fund**, a Cayman Islands exempted company that invests exclusively into the Armadillo Fund.

Any references to Newfoundland shall include Terra Vista unless otherwise indicated.

In providing services to the Funds, among other things, Newfoundland¹ (1) manages the Funds’ assets in accordance with the terms of the applicable Fund’s Private Offering Memorandum and Articles of Incorporation or Operating Agreement (collectively, the Fund “Governing Documents”); (2) directs and manages the investment and reinvestment of the Funds’ assets; and (3) provides periodic reports to investors. Newfoundland provides investment advice directly to the Funds and not individually to the Funds’ members or shareholders (“Investors”). Investment restrictions for the Funds, if any, are established in the applicable Fund’s Governing Documents.

The Master Fund is a pan-Latin American focused long/short fund that invests primarily in the securities of companies in Brazil, Mexico, Chile, Peru, and Colombia. In addition to the Fund’s Latin American investments, up to 30% of the Fund’s gross exposure may be invested outside of

¹ Any references to Newfoundland from this point forward shall include Terra Vista unless otherwise indicated.

Latin America. The Select Fund seeks to generate capital appreciation primarily by making equity investments in a specific Colombian company. The Armadillo Fund invests in Latin American equity indices, primarily by investing in Latin American securities and picking stocks through the use of fundamental analysis. The Armadillo Fund's investments generally are concentrated in companies with operations in Mexico, Chile, Colombia, and Peru. Investors should refer to Fund Governing Documents for a complete description of each Fund's investment objectives and strategies.

Item 5: Fees and Compensation

Newfoundland's compensation for the discretionary investment advisory services it provides to the Funds is comprised of an asset-based management fee and a performance allocation that is based on the performance achieved for the account of each Investor. A brief summary of fees and expenses is provided below.

Management Fees

Management Fees for the Select Fund are 0.7% (annualized) of the Fund's net assets (excluding the Performance Allocation, discussed below) and are paid quarterly in advance. The Management Fee for the Select Fund is adjusted on a pro rata basis for any contributions or withdrawals made during the quarter.

Management Fees for the Master Fund range from an annual rate of 1.25% to 2.0% of the net asset value of a Fund, depending on the share class, and are paid monthly in arrears.

Management Fees for the Armadillo Fund are range from an annual rate of 1.0% to 2.0% of the net asset value of a Fund, depending on the share class, and are paid monthly in arrears.

Even though Newfoundland may waive or modify the Management Fee for Investors at its discretion, including for Investors that are members, employees, or affiliates of Newfoundland, relatives of such persons, and for certain large or strategic Investors, it may not raise management fees for current Investors.

Performance Allocation

At the end of each fiscal year or upon redemption by an Investor part way through the year, Newfoundland will receive an annual Performance Allocation of up to 20% of the net profits attributable to each Investor's capital account (including unrealized gains and losses), if any, subject to a loss carry forward. A Performance Allocation is paid by the Select Fund, Master Fund, and Armadillo Fund.

Even though Newfoundland may waive or modify the Performance Allocation for Investors at its discretion, including for Investors that are members, employees, or affiliates of Newfoundland, relatives of such persons, and for certain large or strategic Investors, it may not raise performance fee for current Investors. Performance Allocations received by Newfoundland

will be in compliance with Rule 205-3 under the Investment Advisers Act of 1940 (the “Advisers Act”).

Other Expenses

In addition to the Management Fee and Performance Allocation, each Fund shall bear certain expenses, including, as applicable: (1) professional fees for administration, accounting, compliance, and legal services; (2) organizational and formation expenses; (3) investment expenses, such as commissions and research fees (including reasonable research-related travel); (4) interest on margin accounts and borrowing charges on securities sold short; (5) custodial and bank service fees; (6) insurance and tax costs; and (7) any other expenses related to the purchase, sale, or transmittal of Fund assets.

The fees and expenses applicable to each Fund are set forth in detail in each of the Fund’s respective Governing Documents. Prospective Investors should review the Fund Governing Documents carefully prior to making an investment.

Item 6: Performance Based Fees and Side-by-Side Management

As noted in the *Fees and Compensation* section above, Newfoundland receives a Performance Allocation that is based on a percentage of the realized and unrealized gains (i.e., the performance) of Fund investments. The fact that Newfoundland is compensated based on the success of investments held by the Funds may create an incentive for Newfoundland to make investments that are riskier or more speculative than would be the case in the absence of such compensation. In addition, because the Management Fees and Performance Allocations are based directly on the net asset value of the Funds, Newfoundland has a conflict of interest in valuing the assets held by the Funds.

Newfoundland has adopted written policies and procedures to help mitigate these risks.

Item 7: Types of Clients

Newfoundland provides investment advisory services to the Funds. Investment advice is provided directly to the Funds and not individually to Fund Investors. Investors in the Funds may include, but are not limited to, high net worth individuals, family offices, funds of hedge funds, charitable organizations, pension plans, and corporate or business entities.

The minimum investment requirement to invest in a Fund ranges from US\$100,000 to US\$250,000, depending on the Fund and share class. However, Newfoundland may accept a lesser amount at its discretion. Each Investor is required to meet certain suitability qualifications, such as being an “accredited investor” within the meaning set forth in Regulation D under the Securities Act of 1933, as amended. Complete details concerning applicable Investor eligibility criteria are set forth in each Fund’s Governing Documents and subscription materials.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies Generally

The investment objective of the Master Fund, and the Feeder Fund through its investment in the Master Fund, is to produce non-market correlated returns primarily by investing in Latin America. By adhering to an investment philosophy that focuses on capital preservation, Newfoundland seeks to generate absolute returns with a low correlation to the performance of developed and emerging market indices. The Master Fund's investments are concentrated in Brazil, Mexico, Chile, Peru, and Colombia, although it may hold significant investments in securities outside of Latin America in order to arbitrage global market dislocations within certain sectors. The Master Fund may invest at all levels of a counterparty's capital structure, including, but not limited to, equity and equity-linked securities, bonds, and trade claims. The Master Fund may utilize short selling and derivatives for hedging purposes and to generate investment returns.

The investment objective of the Select Fund is to generate risk-adjusted capital appreciation by purchasing, trading, and investing in the debt securities and exchange-listed shares of a Colombian company (the "Colombian Company"), as well as the American Depositary Receipts ("ADRs") and options on the exchange-listed shares and ADRs, to the extent they become available.

The Armadillo Fund is a pan-Latin American focused long-only fund that invests primarily in deep value opportunities. The Fund's investments are generally concentrated in equity securities with a three to four-year time horizon that have operations in Mexico, Chile, Colombia, and Peru. In addition, from time to time the Fund may employ leverage.

To achieve its investment objectives, Newfoundland follows a "bottom up" research process, which includes discussions with company management, customers, competitors, industry consultants, and securities analysts. Before investing in a company, Newfoundland performs a rigorous analysis of the company's potential profitability, cash flow generation, and balance sheet strength.

Newfoundland uses its network of Latin American professionals in varying industries to identify and analyze market trends in order to develop long-term investment strategies and short-term trading ideas to reflect a macroeconomic framework developed by Newfoundland's portfolio managers. Once an investment strategy or trade idea has been identified, fundamental and technical filters are employed to identify those companies that may provide the best returns. The Company also closely monitors market consensus to understand contrary or opposing investor views.

Risk of Loss

Investing in securities involves a risk of loss that Investors should be prepared to bear.

There are a number of risks associated with an investment in the Funds, including risks associated with a lack of diversification (particularly with respect to the Select Fund), investing in emerging markets, the use of leverage, investments in derivative instruments, illiquidity of investments, and the uncertainty of general market and economic conditions. Please refer to each Fund's Governing Documents for a more detailed description of these risks and others associated with the Funds' trading programs and strategies.

Item 9: Disciplinary Information

Neither Newfoundland nor any of its officers, directors, employees, or other management persons has been involved in any legal or disciplinary events that would require disclosure in response to this item.

Item 10: Other Financial Industry Activities and Affiliations

Terra Vista, an affiliated investment manager, serves as the investment manager with respect to the Armadillo Fund and the Newfoundland Armadillo Offshore Fund. Terra Vista is owned by Newfoundland Capital Management and Luis F. Adaime. Terra Vista shares office space and employees with Newfoundland.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**Code of Ethics and Personal Trading**

Newfoundland has adopted a written Code of Ethics that, among other things, requires Newfoundland and its employees use reasonable care and exercise independent professional judgment when making investment recommendations, abide by all applicable rules and regulations, report personal securities transactions, and act with integrity with dealing with Investors, service providers, and fellow employees. With certain exceptions, Newfoundland generally restricts employees and their immediate family members living in the same household from engaging in personal securities transactions. A copy of Newfoundland's Code of Ethics is available upon request by contacting the Company's Chief Compliance Officer at +55 (11) 5180-3311.

Participation or Interest in Client Transactions

Newfoundland and/or certain employees invest in the Master Fund, in which the Feeder Fund also invests. As a result, Newfoundland and its related persons may be deemed to have an interest in an investment that is also recommended to clients.

Item 12: Brokerage Practices

Selection of Brokers and Dealers

Newfoundland has complete discretion in deciding which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

In selecting brokers to effect portfolio transactions for the Funds, Newfoundland considers such factors as the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the quality, comprehensiveness, and frequency of related services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the Company's selection criteria. Accordingly, if Newfoundland determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, the Funds may pay commissions to such broker in an amount greater than the amount another broker might charge for effecting the same transaction.

Soft Dollar Benefits

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits Newfoundland to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Newfoundland will limit the use of soft dollars to obtain research and brokerage services to those that constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post-trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms, or trade affirmations.

Although Newfoundland will make a good faith effort to ensure that the amount of commissions paid is reasonable in light of the products and services provided by brokers, commission rates are generally negotiable. Thus, selecting brokers on the basis of considerations other than

applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of soft dollar products and services creates a potential conflict of interest between Newfoundland and its clients because Newfoundland does not have to produce or pay for the research, products, and services being provided by brokers. Generally, any products and services received from brokers are used to benefit all Funds, regardless of which Funds generated the soft dollar credits.

Trade Errors

In the course of managing the Funds, trading errors may occur. It is Newfoundland's policy that when a trading error occurs, the affected Funds will generally bear the costs resulting from any trade errors and keep any gains. In all cases, trade errors shall be handled in accordance with Fund Governing Documents.

Investor Introductions

The broker-dealers that have entered into prime brokerage arrangements with Newfoundland will occasionally provide Newfoundland with introductions to potential Investors. Capital introduction is a service provided by primer brokers and is designed to "introduce" fund managers to potential investors, typically through individual meetings or in a conference format. Although capital introductions are customarily offered as a free service, various conflicts of interest are presented by such arrangements. While Newfoundland does not compensate these broker-dealers based on capital introductions, Newfoundland may be incentivized to use the services of a specific prime broker due to the broker's ability to raise capital for Newfoundland.

Item 13: Review of Accounts

The Funds' portfolios are reviewed on a daily basis by the Company's investment personnel. In addition, investment personnel hold regular meetings to discuss investment ideas, economic developments, current events, investment strategies, and issues related to portfolio holdings.

Newfoundland provides each Investor with the following reports in accordance with the terms of the applicable Fund's Governing Documents: (1) quarterly unaudited investment reports, (2) annual audited financial statements, and (3) annual tax information necessary to complete any applicable tax returns.

Item 14: Client Referrals and Other Compensation

Newfoundland does not receive any economic benefits from non-clients in connection with the provision of investment advice to clients. Newfoundland also does not compensate any unaffiliated third parties for client referrals. However, Newfoundland does compensate a placement agent for soliciting prospective Investors on behalf of the Funds.

Item 15: Custody

Newfoundland is deemed to have custody of the Funds' assets because of the authority that Newfoundland has over the assets. The Funds' financial statements are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Audited financial statements are distributed to each Investor and are prepared in accordance with generally accepted accounting principles.

Item 16: Investment Discretion

Newfoundland has discretionary authority to determine, without obtaining specific consent from the Funds or its Investors, the securities and the amounts to be bought or sold on behalf of the Funds. Any limitations on such authority are included in the respective Fund's Governing Documents.

Item 17: Voting Client Securities

Newfoundland is responsible for voting proxies on behalf of the Funds. Newfoundland has developed a written policy and procedures designed to ensure that proxies are properly identified and voted, and that any conflicts of interest are addressed appropriately. In general, Newfoundland votes proxies in the interest of maximizing shareholder value. Investors may not direct Newfoundland how to vote with respect to any proxy.

Newfoundland maintains a record of all proxy votes cast on behalf of the Funds. A copy of Newfoundland's proxy voting policies and procedures and proxy voting record is available to Investors upon written request.

Item 18: Financial Information

Newfoundland has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.