

# TERRA VISTA

## GESTORA DE RECURSOS

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### Principal Office

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This brochure provides information about the qualifications and business practices of Terra Vista Gestora de Recursos Ltda. (“Terra Vista” or the “Firm”). If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer (“CCO”) at (646) 435-2774, or +55 (11) 5180-3311 and/or [compliance@newfcap.com](mailto: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.

Terra Vista is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about Terra Vista is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

This brochure contains information about Terra Vista upon its initial registration as an investment adviser with the SEC. There have been no material changes since its adoption.

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## Advisory Business

Terra Vista is a Brazilian Sociedade Limitada (Brazilian LLC) located in Sao Paulo, Brazil. Formed in January 21<sup>st</sup>, 2013, Terra Vista is jointly owned and controlled by Luis F. Adaime and Newfoundland Capital Management. As of December 31, 2014, Terra Vista had approximately \$10 million in regulatory assets under management.

Terra Vista provides discretionary investment management services to both pooled investment vehicles and separately managed accounts. Terra Vista's pooled investment vehicles are:

- Newfoundland Armadillo Fund, a Cayman Islands exempted company (the "Armadillo Fund"), and
- Newfoundland Armadillo Offshore Fund, a Cayman Islands exempted company that invests exclusively into the Armadillo Fund.

Terra Vista's investment objective is to provide superior returns to Latin American equity indices, primarily by investing in Latin American securities and picking stocks through the use of fundamental analysis. Terra Vista generally expects that its' clients investments will be generally

concentrated in companies with operations in Mexico, Chile, Colombia and Peru, primarily through the use of equity securities with a 3 to 4 year investment horizon.

The Fund from time to time may also employ leverage in furtherance of its investment objectives.

As of December 31, 2014, Terra Vista managed \$10 million on a discretionary basis on behalf of approximately 3 clients.

## **Fees and Compensation**

Terra Vista provides investment advisory services to each client pursuant to separate investment advisory and/or letter agreements (the “Agreements”). The Agreements with each Client, along with specific organizational documents of the Armadillo Fund, set forth in detail the fee structure relevant to each such client.

Terra Vista typically receives compensation from fees based on a percentage of assets under management and profit allocations. Clients and investors should review all fees charged by Terra Vista and others to fully understand the total amount of fees to be paid by clients and, indirectly, investors in the Fund.

### **Separately Managed Accounts**

For Terra Vista’s separately managed account clients, the annual investment management fee based on the following schedule:

<u>Time since joining Terra Vista</u>	<u>Annual Fee</u>
Engagement to 3 year anniversary	0.75%
After 3 year anniversary	0.50%

In certain cases, at an eligible separately managed account’s request, Terra Vista may negotiate fee structures that include performance incentive fees up to 10% and/or hurdle rates.

Terra Vista charges fees quarterly in arrears based on the account value at the end of the prior quarter. Clients may request that fees be deducted automatically from their brokerage accounts or receive quarterly invoices to be paid by check.

If a client terminates the investment management agreement with Terra Vista in the middle of a billing period, Terra Vista will invoice the client for an amount that is pro-rated based on the number of days that the account was managed.

### **Private Fund**

Management fees for the Armadillo Fund, depending on class, range from an annual rate of 1.0% to 2.0% of the net asset value of the fund, depending on the share class, and are paid monthly in arrears. Even though Terra Vista may waive or modify the management fee for investors at its discretion, including for investors that are members, employees, or affiliates of Terra Vista,

relatives of such persons, and for certain large or strategic Investors, it may not raise management fees for current investors.

At the end of each fiscal year or upon redemption by an investor part way through the year, Terra Vista 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 Armadillo Fund.

Even though Terra Vista may waive or modify the performance allocation for investors at its discretion, including for investors that are members, employees, or affiliates of Terra Vista, relatives of such persons, and for certain large or strategic investors, it may not raise performance fee for current investors. Performance allocations received by Terra Vista 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, the Armadillo 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's governing documents carefully prior to making an investment.

## **Performance Based Fees and Side-by-Side Management**

As noted in the Fees and Compensation section above, Terra Vista receives a performance allocation that is based on a percentage of the realized and unrealized gains (i.e., the performance) of Armadillo Fund investments. Performance based fees may create an incentive for Terra Vista to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. Performance based fees may create an incentive for the firm to favor accounts that pay a higher performance based fee over other accounts that pay low or no performance based fees. In addition, Terra Vista may receive increased compensation with regard to unrealized appreciation as well as realized gains in the client's account. As a result, the performance based fee earned could be based on unrealized gains that clients may never realize.

Terra Vista manages accounts with an asset-based fee or a combination of an asset-based fee and performance fees and potential conflicts of interest may exist. In order to mitigate any such conflicts, Terra Vista has developed policies and procedures designed to aid in the mitigation of such conflicts.

## **Types of Clients**

Terra Vista's separately managed accounts consist of endowments and other institutional investors. Terra Vista acts as investment adviser to the Armadillo Fund.

While there is no absolute minimum value of assets for starting or maintaining a separately managed account, Terra Vista will use its discretion when accepting new separately managed account clients.

The Armadillo Fund has established a minimum investment amount of \$100,000 per investor regardless of the series in which they are invested. 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 the Fund's Governing Documents and subscription materials.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis and Investment Strategies, Generally**

Terra Vista's objective is to produce non-market correlated returns primarily by investing in Latin America. By adhering to an investment philosophy that focuses on capital preservation, Terra Vista seeks to generate absolute returns with a low correlation to the performance of developed and emerging market indices. 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. Terra Vista seeks to invest at all levels of a security's capital structure, including, but not limited to, equity and equity-linked securities, bonds, and trade claims. The Armadillo Fund may utilize short selling and derivatives for hedging purposes and to generate investment returns.

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

Terra Vista 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 Terra Vista 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 investing in the Fund or as a separately managed account, including risks associated with a lack of diversification, 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 the Armadillo Fund's governing documents or any other disclosure document for a more detailed description of these risks and others associated with the Armadillo Fund's trading programs and strategies.

### **Disciplinary Information**

Neither Terra Vista 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.

### **Other Financial Industry Activities and Affiliations**

As noted earlier, Terra Vista is owned by Luis F. Adaime and Newfoundland Capital Management. Newfoundland Capital Management is owned by Jonathan Rosenthal and Eric Fonseca, both portfolio managers for the Armadillo Fund. Therefore, Newfoundland Capital Management is an affiliated investment manager, who serves as the investment manager with respect to certain other private funds that may invest in the same securities as the Armadillo Fund. Terra Vista and Newfoundland Capital Management share office space and employees.

### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

#### **Code of Ethics and Personal Trading**

Terra Vista has adopted a written Code of Ethics that, among other things, requires Terra Vista 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, Terra Vista generally restricts employees and their immediate family members living in the same household from engaging in personal securities transactions. A copy of Terra Vista's Code of Ethics is available upon request by contacting the Terra Vista's Chief Compliance Officer at (646) 435-2774 or +55 (11) 5180-3311.

#### **Participation or Interest in Client Transactions**

Terra Vista and/or certain employees invest in the Armadillo Fund's master fund, in which the Armadillo Fund's feeder Fund also invests. As a result, Terra Vista and its related persons may be deemed to have an interest in an investment that is also recommended to clients.

## **Brokerage Practices**

### **Selection of Brokers and Dealers**

Terra Vista 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 client accounts, Terra Vista 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 Terra Vista's selection criteria. Accordingly, if Terra Vista 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, clients 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 Terra Vista to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Terra Vista 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 Terra Vista 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 Terra Vista and its clients because Terra Vista 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 clients, regardless of which clients generated the soft dollar credits.

### **Trade Errors**

In the course of managing client accounts, trading errors may occur. It is Terra Vista's policy that when a trading error occurs, the affected clients 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 client disclosure documents and/or Fund governing documents.

### **Investor Introductions**

The broker-dealers that have entered into prime brokerage arrangements with Terra Vista will occasionally provide Terra Vista 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 Terra Vista does not compensate these broker-dealers based on capital introductions, Terra Vista may be incentivized to use the services of a specific prime broker due to the broker's ability to raise capital for Terra Vista.

### **Trade Order Aggregation/Allocation**

Terra Vista offers certain clients the opportunity to participate in separately managed accounts which are managed with an investment approach that is generally similar to the approach Terra Vista takes with respect to the Armadillo Fund. There are no restrictions on the ability of Terra Vista and its affiliates to manage accounts of clients following the same or different investment objective, philosophy and strategy as those used for the Armadillo Fund. While Terra Vista generally expects to manage client accounts on a *pari passu* basis, the results of the Fund's activities may differ significantly from the results achieved by Terra Vista for any other clients for which it may manage or provide investment advisory services. Terra Vista seeks to allocate orders and investment opportunities in a manner that it believes is in the best interests of all Clients. Although such allocations will generally be *pro rata*, they may not necessarily always be so. This may be the case where Terra Vista's allocation policies (*e.g.*, differing objectives or other considerations) or client restrictions dictate a different result. In cases where a limited amount of an instrument is available for purchase, the allocation of such instrument may reduce the amount available for purchase by each Client. There can be no assurance that a particular order or investment opportunity will be allocated in a particular manner. If conflicts arise in the allocation



of investment opportunities, Terra Vista will seek to resolve such conflicts fairly. Terra Vista's policy does not require that each opportunity be made available to all Clients, leaving significant discretion to the firm.

For new clients, Terra Vista expects that the new account will trade in a manner consistent with a client account that is ramping up to participate in an investment strategy on a fully invested basis. Until a client is fully invested, any trades among like strategy accounts will not be traded on a pro-rata basis.

## **Review of Accounts**

All investments are carefully reviewed and approved by Terra Vista's investment team. Clients' investments are reviewed on a continuous basis and the Advisor's investment personnel meet regularly to discuss allocations, investment ideas, economic developments, industry outlook and other issues related to current portfolio holdings and potential investment opportunities.

Terra Vista provides each investor with the following reports in accordance with the terms of the Armadillo 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.

## **Client Referrals and Other Compensation**

Terra Vista does not receive any economic benefits from non-clients in connection with the provision of investment advice to clients. Terra Vista also does not compensate any unaffiliated third parties for client referrals. Lastly, Terra Vista is not currently a party to any solicitation agreements and does not compensate any third party for client and/or investor referrals.

## **Custody**

To the extent required, all client assets are held in custody by unaffiliated broker/dealers or banks; however, Terra Vista has access to the Armadillo Fund assets since it or a related person serves as the General Partner or Managing Member to the Armadillo Fund. Generally, limited partners or members of the Armadillo Fund will not receive statements from the custodian. Instead the Armadillo Fund is subject to an annual audit and the audited financial statements are distributed to each limited partner or member. In these cases, the audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 180 days of the partnership's fiscal year end. If the Armadillo Fund doesn't audited financial statements to its investors on an annual basis shall, Terra Vista shall ensure that the investors, or an elected representative, receive custodial statements directly from the relevant custodians on at least a quarterly basis.

Additionally, Terra Vista can access separately managed account's funds through its ability to debit advisory fees. For this reason, Terra Vista is considered to have custody of certain separately managed account assets. The separately managed account's custodians send statements directly to

the account owners on at least a quarterly basis. Separate managed accounts should carefully review these statements, and should compare these statements to any account information provided by Terra Vista.

## **Investment Discretion**

Terra Vista has discretionary authority to determine, without obtaining specific consent from the Fund, its investors, or other clients, the securities and the amounts to be bought or sold on behalf of them. Any limitations on such authority are included in the each respective client's investment management agreement or the Armadillo Fund's governing documents..

## **Voting Client Securities**

Terra Vista is responsible for voting proxies on behalf of client accounts. Terra Vista 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, Terra Vista votes proxies in the interest of maximizing shareholder value. Clients and/or investors may not direct Terra Vista how to vote with respect to any proxy.

Terra Vista maintains a record of all proxy votes cast on behalf of clients. A copy of Terra Vista's proxy voting policies and procedures and proxy voting record is available to clients and/or investors upon written request.

## **Financial Information**

A balance sheet is not required to be provided as Terra Vista (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.