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## Item 1 – Cover Page

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**Part 2A of Form ADV  
Brochure for:**

**FAMA Investimentos LTDA**

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**Prepared: March 31, 2015**

This brochure provides information about the qualifications and business practices of FAMA Investimentos LTDA. If you have any questions about the contents of this brochure, please contact us by telephone number and/or email address shown above. 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.

FAMA Investimentos LTDA is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about FAMA Investimentos LTDA is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). We have included in this brochure references to products such as private investment funds *solely* for the purpose of describing our advisory business. This brochure is not intended as an offer of any of these products, which are privately offered only to qualified investors.

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**Item 2 – Material Changes**

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There are no material changes from the previous Brochure dated April 1, 2014.

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### Item 4 – Advisory Business

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FAMA Investimentos LTDA (“we” or “FAMA”) is a limited liability company governed under the laws of Brazil. FAMA was founded in 1993 as an independent asset management firm. The two co-founders of the company, Fabio Alperowitch and Mauricio Levi, are the majority owners of the firm and the fund’s managers since inception. Prior to co-founding FAMA, Mr. Alperowitch was employed by Procter & Gamble Brazil for three years following his graduation from Fundação Getulio Vargas with a Bachelors Degree in Business Administration. Mr. Levi was also employed by Procter & Gamble Brazil for two years prior to his co-founding of FAMA. He likewise graduated from Fundação Getulio Vargas with a Bachelors Degree in Business Administration.

We provide discretionary investment advisory services to institutional clients, which we refer to collectively as our “Private Accounts”. The minority of our

Private Account clients are based in the United States. We manage our Private Accounts with a focus on the securities of Brazilian publicly-listed companies.

We also currently provide discretionary investment advisory services to Brazil-based private investment funds (the "Funds"), none of which are offered to or beneficially owned by US investors. We manage each Fund pursuant to the objectives specified in the materials by which the Fund offers its ownership interests.

We do not participate in wrap fee programs.

As of March 31, 2015 the net asset value of our Funds and Private Accounts was approximately US\$ 305,000,000.

*This brochure is a general summary of FAMA's investment advisory services, fees and compensation, and advisory practices and is not specific to any one client. Clients should consult their agreements with FAMA for the specific terms and information applicable to their relationship with FAMA.*

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## **Item 5 – Fees and Compensation**

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### Private Account and Funds Compensation

Each of our Private Account and Funds pays us compensation in accordance with each management agreement. The fee compensation is based on management fees – an annual rate calculated on assets of each Private Account or Fund – and a performance fee based on excess return over an agreed benchmark.

Management fees of the Private Account is normally paid quarterly in arrears, based upon the calendar monthly Portfolio account values as determined by the client at the annual rate specified in the management agreement. Management fees of the Funds are normally paid monthly.

Performance fees of Private Accounts and Funds are paid annually, according to each management agreement cutoff date.

We agree that we will not offer, or agree to, a lower fee scheme with any Private Account client without offering the same fee to our other Private Account clients with similar sizes of Private Accounts.

### Other Expenses

In addition to our fees, each of our Fund and Private Account clients also pays certain expenses related to the management and operation of the Fund or Private Account, as applicable, and the purchase, sale, or transmittal of the client's assets that we manage. These expenses include, among other things:

- brokerage commissions and other investment transaction costs

- custodial and sub-custodial fees;
- accounting, audit and other professional fees and expenses;
- legal fees (including fees charged to us for the benefit of the client);
- tax preparation fees;
- government fees and taxes;
- filing fees;
- costs of reporting;
- in the case of our Fund clients, costs of Fund governance activities (including but not limited to such as obtaining director and shareholder consents); and
- in the case of our Fund clients, the fees paid to the Fund's administrator and registrar and transfer agent are already included in the management fee explained above.

Other Compensation. Neither we nor any of our personnel accept compensation for the sale of securities or other investment products.

We provide office personnel and space required for the performance of our services for our clients. Our clients do not reimburse us for doing so, except to the extent of our fees.

We do not charge or solicit pre-payment of fees.

Please refer to "Item 12 - Brokerage Practices" below for more information about soft dollars, brokerage commissions, and other transaction expenses.

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## **Item 6 - Performance-Based Fees and Side-By-Side Management**

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Our standard fee structure includes performance-based fees as explained above. In serving as investment adviser to multiple clients we face potential conflicts of interest, including the fact that we may have incentives to favor a client who pay us more performance-based fees.

To address these conflicts, we have developed allocation policies and procedures that seek to ensure that we allocate investment opportunities among our clients in a manner that we believe is fair and equitable. It allocates the trades proportionally to the assets of each Private Account and Fund as to maintain all in the same ratio of exposure, independently of the current performance of each Private Account or Fund.

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**Item 7 – Types of Clients**

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Our Private Account clients may include pension and profit sharing plans; trusts; estates; charitable organizations; university endowments; partnerships and other collective investment vehicles; corporations; and other business entities. There is a minimum investment of US\$ 30,000,000 to open a Private Account.

Our Funds are privately-offered, Brazil-based investment funds that are not regulated under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"). Each Fund imposes minimum investor qualification standards and minimum investment requirements and are not presently offered to US investors.

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**Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

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**Our Investment Philosophy, Strategy and Process**

FAMA will select securities for our clients' accounts on a value investing basis, which means continuous search for value in invested companies (high upside potential) eliminating speculative practices. Our main strategy will be equity long only investments in Brazilian companies, focused on mid and small capitalizations.

We will constantly rebalance position sizes in our clients' accounts to address any revisions with respect to future expectations, current performance, valuation, news flows, and other factors. All positions will be built on a scaled basis in an effort not to influence prices of the Portfolio's securities.

Investment decisions will rely both on quantitative and qualitative tools. They will be based on valuation models with multiple scenarios, conservative inputs, and Brazilian interest rate plus a risk premium as the cost of opportunity; as well as frequent company visits, meetings with target companies to understand management quality, sector drivers, news flows, cross-references, disclosure, management policies, and other qualitative inputs to support quantitative results.

**Risk Factors**

Investment in securities involves risk of loss that clients should be prepared to bear. The following discussion describes some of the principal risks relevant to our clients.

**General Risks****Reliance on the Advisory Team**

The success of our client portfolios depends largely on the abilities of our advisory team to understand the companies we invest to achieve the clients' investment objectives. Although we work as a team and that no decision is individually taken, there can be no assurance that any member of our advisory team will continue to provide services to us.

**Not a complete Investment Program**

An investment with us is not intended as a complete investment program. If our strategies are not successful, or if we are unable to correctly choose the companies to invest in, our clients could lose some of their capital.

**General Economic and Market Conditions**

The success of our clients' investments may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, developments in government regulation and national and international political circumstances. These factors may affect the success of the businesses in which our clients' portfolio companies are engaged as well as the markets for the securities clients hold. Unexpected volatility or illiquidity could impair our clients' profitability or result in losses.

**Certain Strategy Risks**

**Volatility.** The equity securities in which our clients invest are prone to price fluctuations on a daily basis due to both macro- and micro-factors, and this volatility may adversely affect clients.

**Liquidity and Settlement Risks.** Different segments of the financial markets have different settlement cycles, and these settlement cycles may be adversely impacted by unforeseen circumstances, leading to settlement risk and losses to our clients' portfolios. The liquidity of our clients' portfolios may be inherently restricted by trading volumes, transfer procedures and settlement periods. While we endeavor to avoid overly concentrated positions in securities of specific industries and sectors, because of liquidity restrictions or other factors, we cannot guarantee that our clients' portfolios will always be adequately diversified, which could amplify losses. Reduced liquidity may also have an adverse impact on market price and our ability to dispose of particular securities, when necessary, to meet our clients' liquidity needs or in response to specific economic events. Reduced liquidity may also impair our ability to restructure or rebalance our clients' portfolios when we believe such restructurings or rebalancing are necessary to protect performance.

**Certain Risk Factors Concerning Brazil**

Since the focus of our investment strategy is to invest in Brazil, the investment returns that our clients experience will depend heavily on general economic, business and political conditions in Brazil. Accordingly, before opening an account with us, clients should consider the following:

**Economic and Political Factors**

The success of our clients' portfolio investments depends in part on the stability of general economic and business conditions in Brazil.

**Brazilian Stock Market Risks**

The Brazilian securities markets are smaller and more volatile when compared to the securities markets of the United Kingdom, the U.S., and certain other OECD countries. Accordingly, the Brazilian stock markets may decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Issuer, political, or economic developments may affect a single issuer, issuers within an industry, sector or geographic region, or the market as a whole. The Brazilian stock exchanges have been subject to broker defaults, failed trades, and settlement delays in the past. Such events may have an adverse impact on the NAV of our client portfolios.

**Limited Liquidity**

A large percentage of market capitalization and trading value in the Brazilian stock exchanges is represented by a relatively small number of issues – namely the large caps. The mid and small caps shares relatively lower liquidity. So it may, therefore, be more difficult to invest (or divest) client assets in order to realize our client investments (or divestments) at the times that we would wish to do so.

**Currency Exchange Rate Risks**

Our Private Accounts does not hedge for currency devaluation. So decreases in the value of the Brazilian real relative to the US dollar adversely affect investment returns.

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**Item 9 – Disciplinary Information**

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There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

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**Item 10 – Other Financial Industry Activities and Affiliations**

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Neither we nor any of our employees are registered, or have an application pending to register as, a broker-dealer or registered representative of a broker-dealer, futures commission merchant, or commodity pool operator.

FAMA Investimentos Ltda has 99% ownership of FAMA Private Equity Ltda, a related person responsible for investing in private companies.



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

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**Code of Ethics**

We have adopted a Code of Ethics (the "Code") that describes the standards of business conduct that we require of our personnel and establishes procedures intended to prevent FAMA and our personnel (as well as certain of their relatives) from inappropriately benefiting from FAMA's relationships with our clients. The Code requires high standards of business conduct, compliance, reporting and recordkeeping of personal securities transactions and holdings, reviews and sanctions. Among other things, the Code provides that:

- Our clients' interests come before our employees' interests and, except to the extent otherwise provided in client agreements, before our own interests;
- We must disclose all material facts about conflicts of which we are aware between ourselves and our employees' interests, on the one hand, and our clients' interests, on the other;
- Our employees must operate on our and their own behalf consistently with our disclosures to, and arrangements with, our clients regarding conflicts and our efforts to manage the impacts of those conflicts; and
- We and our employees must not take inappropriate advantage of our or their positions of trust with or responsibility to our clients.

The Code includes procedures for, and restrictions on, employee trading intended to prevent our employees from benefiting from, or appearing to benefit from, any price movement that may be caused by client transactions or our recommendations regarding securities. Among other things, these include requirements that employees make a written request for, and receive clearance from, our Chief Compliance Officer (or his or her designees) before they buy or sell any equity security and prohibitions of transactions in securities that we are actively considering, or are, buying or selling for client accounts. The Code also contains restrictions on and procedures to prevent inappropriate trading while we are in possession of material non-public information (including information about our trading activity for clients).

A copy of our Code of Ethics is available to clients or prospective clients upon request.

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**Item 12 – Brokerage Practices**

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Each of our Funds and Private Accounts will incur brokerage commissions and other transaction expenses. We generally have wide discretion in deciding what

brokers, dealers, banks and other financial intermediaries and counterparties with or through which to execute or enter into portfolio transactions (collectively, "Transacting Parties"). In addition to paying commissions to Transacting Parties in connection with transactions effected on any agency basis, our Funds or Private Accounts may buy or sell securities directly from or to Transacting Parties acting as principal (such as market-makers for over-the-counter securities) at prices that include markups or markdowns. The following describes some noteworthy aspects of our use of, and relationships with, Transacting Parties.

### **Selection Criteria for Brokers**

As an SEC-registered investment adviser, we have a general duty to seek "best execution" for our clients' securities transactions. What constitutes "best execution," and determining how to achieve it, are inherently uncertain, however. In choosing Transacting Parties, we are not required to consider any particular criteria. In evaluating whether a Transacting Party will provide best execution, we consider a range of factors. These include:

- historical net prices (after markups or markdowns) on other transactions;
- the execution, clearance and settlement and error correction capabilities of the Transacting Party generally and in connection with securities of the type and in the amounts to be bought or sold;
- the Transacting Party's reliability and financial stability;
- the market for the security; and
- as discussed more fully below, the nature, quantity and quality of research and other services and products provided by the Transacting Party.

We are not required to select the Transacting Party that charges the lowest transaction cost, even if that Transacting Party can provide execution quality comparable to other Transacting Parties, and our clients should be expected at times to pay more than the lowest transaction cost available in order to obtain for itself and/or for us services and products other than the execution of securities transactions.

### **"Soft Dollars"**

We may select Transacting Parties in recognition of the value of various services or products, beyond transaction execution, that they provide to our Funds, to our Private Account clients, or to ourselves. Selecting a Transacting Party in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with "soft dollars".

**Conflicts of Interest.** When we use "soft dollars" to obtain research or other products and services, we receive a benefit because we do not have to produce or pay for that research or those other products or services using cash from other sources. Our interests in allocating our clients' securities transactional business may conflict with those of one or more of our clients, because many products and services that we may receive from Transacting Parties may provide general benefits to us. For example, we may have an incentive, in order to

induce brokers and dealers to provide us with services or benefits to, among other things, cause a client to:

- pay higher commissions and other compensation than it would otherwise pay broker-dealers that do not provide soft dollar services or products;
- place more trades than would be optimal for a client's investment strategy;
- use broker-dealers that do not obtain for a client the best possible price on portfolio transactions; and
- use (and pay) broker-dealers in effect to act as intermediaries with other broker-dealers who actually execute transactions.

The extent of the conflicts of interest arising out of the use of soft dollars depends in large part on the nature and uses of the services and products acquired with soft dollars.

**Section 28(e) Safe Harbor.** A U.S. federal statute, Section 28(e) of the Securities Exchange Act of 1934, as amended, recognizes the potential conflict of interest involved in the use by an investment manager (such as FAMA) of soft dollars generated by securities transactions to pay for various expenses but provides a "safe harbor" from breach of fiduciary duty claims if certain conditions and requirements are met. Under the Section 28(e) safe harbor, soft dollars may be used to acquire "research" and "brokerage" services and products for which a client would not otherwise be required to pay. Services or products generally constitute "research" under Section 28(e) if they constitute advice, analyses or reports any of which express reasoning or knowledge as to the value of or investing in or trading securities, or as to issuers, industries, economic factors and trends, portfolio strategy or performance, but only to the extent we use them for lawful and appropriate assistance in making investment decisions for a client. "Brokerage" services and products are those used to effect portfolio transactions or for functions that are incidental to effecting those transactions (such as clearance, settlement or short-term custody related to effecting clearing or settling transactions) or regulatorily required in connection with transactions. Using soft dollars to pay for services and products other than research and brokerage is not protected by the safe harbor, but does not necessarily constitute a violation of any law or fiduciary duty. Similarly, use of non-commission soft dollars or otherwise failing to satisfy procedural elements of the Section 28(e) safe harbor are not protected but are not necessarily prohibited. Nevertheless, we generally intend to use soft dollars (including markups and markdowns on principal transactions where protected) for purposes, and in ways, that satisfy the requirements of the Section 28(e) "safe harbor." Services obtained through "soft dollars" are used for the benefit of all our clients.

Even where our use of soft dollars to acquire research and brokerage is protected by Section 28(e), we will have a conflict of interest in connection with that use. Where we might otherwise have to pay cash for those services and

products, we may have an incentive to pay Transacting Parties who provide those services and products more than we otherwise would.

**Procedures**

A committee (the "Best Execution Committee") composed of senior management personnel evaluates our brokers on an ongoing basis by obtaining inputs from our dealer, research, and back-office teams. The Best Execution Committee then rates the execution and other services provided by brokers based on those inputs to generate a ranking of our brokers. Our Chief Compliance Officer communicates the Best Execution Committee's broker rankings to our Chief Investment Officer or the dealer, who may then take up the matter with any underperforming brokers to improve their performance. In addition, our compliance team compares, on a quarterly basis, the broker rankings with the broker turnover report to ensure that the broker turnover does not deviate significantly from the broker rankings.

**Directed Brokerage**

In some circumstances, Private Account clients may direct us to use particular brokers ("designated brokers") to effect transactions in their accounts ("directed brokerage"). Clients who use directed brokerage ("directed brokerage clients") may incur higher transaction costs (and therefore experience lower overall returns) than clients who do not use directed brokerage. For example, designated brokers may charge higher brokerage commissions than brokers that we would otherwise use. In addition, designated brokers may execute trades for our directed brokerage clients at disadvantageous times – for example, a designated broker may buy (or sell) a particular security for a directed brokerage client before (or after) brokers whom we have selected buy (or sell) identical or related securities for our other clients. Under those circumstances, a directed brokerage client may be subject to adverse price movements, particularly if the designated broker's trades occur after large block trades, involve illiquid securities or occur in volatile markets.

**Aggregation of Orders**

Aggregation of orders is used on a daily basis due to our focus on mid and small caps. We developed allocation policies and procedures that seek to ensure that we allocate investment among our clients in a manner that we believe is fair and equitable. It allocates the trades proportionally to the assets of each Private Account and Fund as to maintain all in the same ratio of exposure, independently of the current performance of each Private Account or Fund.

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**Item 13 – Review of Accounts**

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We generally monitor our clients' aggregate portfolio holdings on a real-time basis. In addition, our Chief Operating Officer performs individual account-level

reviews at least weekly, or more frequently as necessary to respond to significant changes in economic or market conditions. Our Chief Operating Officer also performs account reviews for Private Account clients when those clients inform us of changes in their financial circumstances or investment objectives.

We generally forward to our Private Account clients and to investors in our Funds monthly and quarterly reports, and annual audited financial statement. These reports generally include a portfolio appraisal; statements of realized and unrealized gains and losses, interest, dividends and expenses; contributions and withdrawals; and statements of performance history.

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### **Item 14 – Client Referrals and Other Compensation**

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FAMA does not receive any economic benefit from a person who is not a client for providing investment advice or other advisory services to our clients. We do not directly or indirectly compensate, or receive compensation from, any person who is not a supervised person for client referrals.

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### **Item 15 – Custody**

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We do not maintain custody of any assets held in Private Accounts and Funds. With respect to our Fund clients, all of which are “offshore funds” (i.e., private funds organized and incorporated in a country other than the United States), we, as an “offshore adviser” (i.e., an adviser with a principal office and place of business outside the United States) are not required to comply with the SEC’s rules regarding custody of client assets. Annual audited financial statements prepared in accordance with International Financial Reporting Standards from our Funds are available to our investors upon request.

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### **Item 16 – Investment Discretion**

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We receive discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. We exercise our discretion in a manner consistent with the stated investment objectives for the particular client account. For some clients, our authority to trade securities may also be limited by certain securities and tax laws that require diversification of investments and favor the holding of investments once made.

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### **Item 17 – Voting Client Securities**

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We have adopted policies and procedures that address generally the guidelines we expect to follow in the exercise of our voting authority over proxies we

receive on behalf of clients. Proxy voting is an integral part of the investment process and should be consistent with our clients' long-term investment objectives and will be executed solely in their best interests.

When voting a proxy, we will generally follow our voting guidelines. We attempt to identify conflicts of interest that may arise in the proxy decision making process. If a material conflict of interest over proxy voting arises between us and a client, we will seek to resolve the conflict and vote the proxies in a manner that is in the relevant clients' collective best interests.

We will provide, upon request a copy of these policies and procedures and/or information concerning our voting record on account proxy matters. Such a request may be made by submitting a written request to us at the address on the cover page of this brochure.

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### **Item 18 – Financial Information**

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We have never filed for bankruptcy and are not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual obligations to clients.