

**Armadillo**  
CAPITAL MANAGEMENT

**Firm Brochure**  
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This brochure provides information about the qualifications and business practices of Armadillo Capital Management, LLC (“Armadillo” 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](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.

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

Any reference to Armadillo 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 has been amended from Terra Vista Gestora de Recursos Ltda. (“Terra Vista”)’s previous brochure dated March 30, 2017 to report that the Company has assumed all investment advisory business from the prior registered legal entity, Terra Vista, a Brazilian Sociedade Limitada, since June 2017. Armadillo’s ownership, investment strategies, fees, disciplinary information, or other material business practices have not changed.

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## Item 4: Advisory Business

Armadillo is a Delaware Limited Liability Company located in Sao Paulo, Brazil. Armadillo’s predecessor, Terra Vista, was formed in January 2013 and assigned all investment advisory rights to Armadillo in June 2017. Armadillo is jointly owned and controlled by Luis F. Adaime and Newfoundland Capital Management (“Newfoundland”). As of December 31, 2016, Terra Vista had approximately \$199 million in regulatory assets under management.

Armadillo provides discretionary investment management services to both pooled investment vehicles (the “Funds”) and separately managed accounts (“SMAs” and, together with the Funds, “Clients”). Armadillo’s Fund Clients include:

- **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.

Armadillo’s investment objective is to outperform Latin American equity indices, primarily by investing in Latin American securities and picking stocks through the use of fundamental analysis.

Armadillo expects that Clients' investments will generally be concentrated in companies with operations in Mexico, Chile, Colombia, and Peru. The Company invests primarily in publicly-traded equity securities with a three to four-year investment horizon and may employ leverage in furtherance of its investment objectives.

## **Item 5: Fees and Compensation**

Armadillo provides investment advisory services to each Client pursuant to a separate written investment advisory agreement. Each agreement, along with specific organizational documents of the Funds, sets forth in detail the fee structure relevant to each Client. Armadillo receives compensation from fees based on a percentage of assets under management and profit allocations.

### **Separately Managed Accounts**

For Armadillo's SMA Clients, the annual investment management fee is based on the following schedule:

<b><u>Time Period</u></b>	<b><u>Annual Fee</u></b>
Engagement of Armadillo to three-year anniversary	0.75%
After three-year anniversary	0.50%

Fees are negotiable. Eligible SMA Clients may also negotiate fee structures that include performance incentive fees up to 10% and/or hurdle rates.

Armadillo 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 Armadillo in the middle of a billing period, Armadillo will invoice the Client for the pro-rated amount due based on the number of days that the account was managed.

### **Private Funds**

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. Armadillo 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.

A performance allocation is also paid by the Armadillo Fund. At the end of each fiscal year, or upon redemption by an Investor part way through the year, Armadillo will receive a 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.

Armadillo 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. Performance allocations received by Armadillo 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 Funds 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.**

SMA Clients pay relevant investment expenses, such as commissions and research fees, interest on margin accounts, and custodial fees. SMA Clients should refer to their investment management agreement for information about all applicable fees and expenses.

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

As noted in the *Fees and Compensation* section above, Armadillo receives a fee that is based on a percentage of the realized and unrealized gains (i.e., the performance) of Client investments. Performance-based fees may create an incentive for Armadillo 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 Company to favor accounts that pay a higher performance-based fee over other accounts that pay low or no performance-based fees. In addition, Armadillo may receive 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.

Armadillo and its affiliate, Newfoundland (see Item 10 below for more information), manage accounts that invest in similar companies. To address any potential conflicts, Armadillo has implemented policies and procedures to address the trading processes of the two firms and the allocation of Client trades. (Please refer to Item 12 below for more information.) Further, because management fees and performance fees are based directly on the net asset value of Clients’ accounts, Armadillo has a conflict of interest in valuing such assets.

Armadillo recognizes the importance of appropriately valuing all Client assets and ensuring that investments are allocated to all Clients in a fair and equitable manner. With respect to any Fund, the Fund’s assets are valued as set forth in the Fund’s governing documents and/or the Company’s

valuation policy. In addition, Armadillo and Newfoundland have adopted written policies and procedures and internal controls to help ensure Client assets are appropriately valued and investment opportunities are allocated in a fair and equitable manner.

## **Item 7: Types of Clients**

Armadillo provides investment advisory services to pooled investment vehicles and separately managed accounts. 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 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.

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

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

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

Armadillo’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, Armadillo 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. Armadillo 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 Company may utilize short selling and derivatives for hedging purposes and to generate investment returns.

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

Armadillo 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 Armadillo's investment professionals. 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.

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

**Risk of Loss**

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 for a more detailed description of these risks and others associated with the Armadillo Fund' trading programs and strategies.

SMA Clients, whose accounts generally follow strategies that mirror or are similar to the Armadillo Fund, should also review the Fund's governing documents for a complete description of the risks that may be associated with such accounts.

**Item 9: Disciplinary Information**

Neither Armadillo 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**

Armadillo is owned by Luis Adaime and Newfoundland Capital Management, an SEC-registered investment adviser. Newfoundland serves as the investment manager with respect to pooled investment vehicles and institutional separately managed accounts. Armadillo and Newfoundland share office space and employees.

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

**Code of Ethics and Personal Trading**

Armadillo has adopted a written Code of Ethics that, among other things, requires Armadillo 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, Armadillo generally restricts employees and their immediate family members living in the same household from engaging in personal securities

transactions. A copy of Armadillo'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**

Armadillo and/or certain employees invest in the Armadillo Fund, in which the Armadillo Offshore Fund also invests. As a result, Armadillo 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**

Armadillo 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, Armadillo 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 Armadillo's selection criteria. Accordingly, if Armadillo 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 Armadillo to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Armadillo 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 Armadillo 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 Armadillo and its Clients because Armadillo 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 Armadillo'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 Armadillo will occasionally provide Armadillo 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 Armadillo does not compensate these broker-dealers based on capital introductions, Armadillo 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**

Armadillo manages accounts for SMA Clients that are generally similar to the approach Armadillo takes with respect to the Armadillo Fund. There are no restrictions on the ability of Armadillo 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 Armadillo 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 Armadillo for any other Clients for which it may manage or provide investment advisory services. Armadillo 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 Armadillo's allocation policies (e.g., differing objectives or



other considerations) or Client restrictions dictate a different result. In cases where a limited amount of a security is available for purchase, not every Client will receive a full allocation. 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, Armadillo will seek to resolve such conflicts fairly. Armadillo's policy does not require that each opportunity be made available to all Clients, leaving significant discretion to the Company.

Armadillo and Newfoundland generally trade independently from one another. However, there are occasionally investment opportunities identified that have limited capacity and that are suitable for Clients of both advisers. In such instances, both Armadillo and Newfoundland determine in advance the amount of the investment they would like to purchase on behalf of their respective Clients. The order is then aggregated and any partial fills are allocated on a pro rata basis.

For new Clients, Armadillo 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.

### **Item 13: Review of Accounts**

All investments are carefully reviewed and approved by Armadillo's investment team. Clients' investments are reviewed on a continuous basis and the Company'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.

Armadillo 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.

SMA Clients receive statements from the Company in accordance with their investment management agreement.

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

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

### **Item 15: Custody**

Armadillo is deemed to have custody of the Funds' assets because of the authority it 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 U.S. Public Company

Accounting Oversight Board. Audited financial statements are distributed to each Investor within 120 days of each Fund's fiscal year end and are prepared in accordance with generally accepted accounting principles.

As required, all Client cash and securities are maintained in accounts at qualified custodians and are held in the name of the relevant Client. SMA Clients' custodians send statements directly to the account owners on at least a quarterly basis. SMA Clients are advised to carefully review these statements and compare them to any account information provided by Terra Vista.

## **Item 16: Investment Discretion**

Armadillo has discretionary authority to determine, without obtaining specific consent from the Fund Investors or Clients, the securities and the amounts to be bought or sold on behalf of Clients. Any limitations on such authority are included in each respective Client's investment management agreement or Fund governing documents.

## **Item 17: Voting Client Securities**

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

Armadillo maintains a record of all proxy votes cast on behalf of Clients. A copy of Armadillo's proxy voting policies and procedures and proxy voting record is available to Clients and/or Investors upon written request.

## **Item 18: Financial Information**

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