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## Form ADV Part 2A – Firm Brochure

### August 2020

This Brochure provides information about the qualifications and business practices of Picea Value Investors, LLC (“Picea”).

If you have any questions about the contents of this Brochure, please contact us at 646 269-2124 or by e-mail at [picea@piceavalue.com](mailto:picea@piceavalue.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 Picea Value Investors, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Investment adviser registration does not imply a certain level of skill or training.

## Item 2: Material Changes

This document is the Part 2 of Form ADV and is divided in two parts: Part 2A (the “Disclosure Brochure”) and Part 2B (the “Brochure Supplement”). The Disclosure Brochure provides information about a variety of topics relating to Picea’s business practices, and the Brochure Supplement provides information about the persons conducting business at Picea.

This is Picea’s first filing of a disclosure document. From time to time, Picea may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by regulators. This document, or a Summary of Material Changes shall be provided to you annually and if a material change occurs.

This Disclosure Document is available by either sending an email to [picea@piceavalue.com](mailto:picea@piceavalue.com) or by calling (646) 269-2124.

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## Item 4: Advisory Business

Picea Value Investors, LLC was founded in 2019. Picea provides discretionary investment management services to regulated foreign investment funds offered exclusively to sophisticated investors.

Investors in the funds managed by Picea are primarily non-U.S. residents. The company was founded by Norberto Zaiet Junior, the firm's Managing Partner and Chief Investment Officer, who owns 100% of the company.

Picea was founded with the objective of providing investment alternatives to non-U.S. residents in liquid U.S. equity markets using a value-oriented approach. The company's investment process is firmly based on detailed research and in-depth fundamental analysis. Picea selects equity investments by actively looking for securities of businesses with consistent earnings power generation that Picea can model with a high degree of confidence, and that are managed by competent, transparent and trustworthy managers. By seeking to purchase these securities at prices below their intrinsic value, Picea strives to deliver superior returns to investors over the long-term. Picea works with investment horizons between 3 to 10 years.

Picea is focused on the U.S. equity markets because Picea believes it offers a diverse range of investment opportunities. Picea also believes that the U.S. markets are transparent and liquid, and well regulated.

Picea does not focus on specific sectors of the economy. It looks for the best value-oriented investment opportunities in all industry segments.

Picea does not manage short positions in any securities. The company's investment philosophy is long-only in nature. Picea also does not managed leveraged positions.

Picea's strategies tend to be relatively concentrated. This concentration, together with potential exposure to smaller companies, tend to create more volatility over shorter periods of time as compared to more diversified strategies.

Picea's investment management services are typically provided on a fully discretionary basis.

## Item 5: Fees and Compensation

The funds managed by Picea have management fees that range from 0.80% to 1.50%. In addition, the funds also offer a performance fee of 15% of the excess return over a selected benchmark. The specific fee schedules are included in the prospectuses of each fund and are delivered to each shareholder.

All management fees and performance-based compensation are calculated pursuant to the governing documents of the relevant fund.

All investors incur third-party brokerage commissions and other transaction costs, as explained in further detail in the Brokerage Practices section below. Additional third-party costs related mainly to custody, audit, administration, legal advice, tax advice and preparation and banking services will also apply to investors. In all cases, details of these fees and expenses are set forth in the respective agreement signed between Picea and the investor, and/or in the fund prospectus.

Picea may, in its discretion, consider and negotiate fee arrangements that are different from those described above.

Neither the firm nor any of its personnel accepts compensation for the sale of securities or other investment products.

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

Since Picea manages funds with performance-based compensation arrangements, these may create an incentive for Picea to make investments that are riskier or more speculative than would be the case in the absence of such performance compensation.

Picea mitigates this potential conflict of interest by strictly following its investment process. Such process takes into consideration certain aspects of the business in which the investment is being considered, such as competitive positioning, market trends, customer captivity, barriers to entry, scalability, efficiency and management. In addition, Picea conducts a detailed research by interviewing suppliers, clients, employees and other market participants, as well as competitors. On top of these qualitative aspects, Picea develops quantitative models based upon earnings, balance sheet and cash flow statements, assessing the real value of all tangible assets and replacing the value of intangible assets with realistic metrics for their value. The investment process is transparent, and the decision-making process is made available to investors on a recurring basis.

In addition, every fund managed by Picea follows certain concentration parameters, as disclosed in each funds' documents, in order to manage issuer risk. Picea typically does not engage in active trading.

The fair value of securities is observed daily in the market, since Picea only manages publicly traded securities.

Specific details regarding any performance-based compensation are set forth in each funds' respective prospectus.

## Item 7: Types of Clients

As discussed in the Advisory Business section above, Picea's clients are non-U.S. sophisticated investors. Picea focuses the majority of its marketing efforts in Brazil and was created with the objective of offering a diversification investment alternative to high net worth clients in that country.

Picea's founder, Norberto Zaiet Junior, has spent a significant portion of its career in the Brazilian financial markets, and has identified that Brazilian high net worth investors typically concentrate most of their investments in their domestic or domestic-related markets. Picea was founded in order to offer to these investors a non-domestic investment with a long-term value-oriented philosophy.

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

Picea's investment strategies are anchored on a value-driven, research intensive investment process. By adhering to these principles, Picea's goal is to outperform its benchmarks over the long term, typically in the range of 3 to 10 years. Picea selects equity investments by actively seeking securities of businesses with consistent earnings power generation that Picea can model with a high degree of confidence, and that are managed by competent, transparent and trustworthy managers. By purchasing these securities at a price below their intrinsic value Picea aim to deliver superior returns to investors.

Albeit the investment process is disciplined and well anchored, as with any equity investment, Picea's strategies involve a substantial risk of loss, especially in the short term, that clients should understand and be prepared to bear.

Picea's investment process takes into consideration the business competitive positioning, market trends, customer captivity, barriers to entry, scalability, efficiency and management. In addition,

Picea conducts a detailed research by interviewing suppliers, clients, employees and other market participants, as well as competitors. On top of these qualitative aspects, Picea develops quantitative models based upon earnings, balance sheet and cash flow statements, assessing the real value of all tangible assets and replacing the value of intangible assets with realistic metrics for their value in order to determine the business intrinsic value. The investment process is transparent, and the decision-making process is made available to investors on a recurring basis.

Picea seeks to invest in businesses with positive and consistent operational cash flow generation, with a stable dividend history. It does not focus in specific sectors of the economy but limits its scope to the U.S. stock market. In that sense, it may also invest in foreign company securities negotiated in the U.S. stock market.

The company primarily invests in equity securities. From time to time, and with the objective of enhancing its risk profile or to hedge the portfolio, Picea may invest in derivative securities or other financial instruments that, in Picea's view, offer the opportunity for long-term growth of capital.

Picea does not engage in the short selling of securities.

Typically, Picea does not utilize leverage in its strategies, i.e., it does not borrow money for investment purposes.

The following is a summary description of the material risks investors should consider when establishing a relationship with Picea.

- Market Risk: the market price of securities in the investment funds managed by Picea may go down, sometimes rapidly and unpredictably, due to general market conditions such as adverse economic or political conditions, inflation, changes in interest rates or currency rates, lack of liquidity in the markets or adverse investor sentiment. Market prices of



securities also may go down due to events or conditions that affect particular sectors or issuers. They can also be adversely affected by global events, such as a global pandemic.

- Issuer Risk: the value of a security can go down more than the market as a whole and can perform differently from the value of the market as a whole often due to disappointing earnings reports by the issuer, unsuccessful products or services, loss of major customers, major litigation against the issuer or changes in regulations affecting the issuer and its market positioning.
- Issuer Concentration Risk: Typically, Picea's investment strategies involve managing concentrated portfolios and investing in a smaller number of stocks as compared to other investment managers. As a result, changes in the value of an individual security may have a significant impact in the value of the portfolio.
- Small and Medium Capitalization Issuer Risk: Picea may invest in small and mid-sized companies. The price of securities related to these companies may be subject to a higher degree of volatility, especially in the short term, as compared to large capitalization companies. This may be caused by, among other things, limited product lines, operating history, market or financial resources and management teams. In addition, smaller companies are often involved in actual or anticipated restructurings and may for that reason fall out of favor with investors and market analysts.
- Portfolio Selection Risk: the value of the investment portfolio may decrease if one or several of the assumptions used in the modelling of the investment, during the investment process, is perceived to be incorrect.
- Foreign Investment Risk: Picea may, from time to time, invest in securities of foreign issuers traded in the U.S. stock exchanges. These issuers may be located in emerging market countries. These investments may involve greater risk than investments in securities of U.S. issuers since they may suffer political or economic instability and may

experience negative government actions such as currency controls or property confiscation.

- Liquidity Risk: some securities could, at times, be illiquid or present large bid/offer spreads in the market. Illiquid securities tend to present larger losses in the short term as compared to liquid securities.
- Derivatives Risk: the use of derivatives, especially for non-hedging purposes, may involve a significant risk of loss. It also may reduce opportunities for gains in a portfolio of investments. Using derivatives also can have a leveraging effect and increase volatility. Picea uses derivatives instruments for hedging purposes, or to increase the risk/return profile of the portfolio by either buying call or put options or selling covered calls. Picea does not sell uncovered calls.
- Exchange Traded Funds: Picea may, from time to time and to express an industry view as opposed to a single company view, invest in exchange traded funds (“ETFs”). ETFs are ownership interests on primarily registered investment companies that are traded on an exchange and that hold a portfolio of stocks typically selected to correspond to the stocks and other securities that comprise a particular broad based sector or international index, or that are otherwise representative of a particular industry sector. Investing in ETFs involves risks equal to investing directly in each of the stocks held by the ETF, including the risk that the value of the stocks may fluctuate in accordance with changes in financial conditions of their issuers, the value of stocks and other securities generally, and other market factors.

## Item 9: Disciplinary Information

Neither Picea, nor any of its personnel, has faced or is facing any legal or disciplinary action, such as criminal or civil action in a domestic, foreign or military court, administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or self-regulatory organization.

## Item 10: Other Financial Industry Activities and Affiliations

Picea has no existing or pending affiliations with a broker dealer or a registered representative of a broker dealer. It also does not have, at the moment, any affiliated offshore pooled investment vehicle. Picea intends, however, to establish a management agreement with a soon to be set-up affiliated offshore investment vehicle. Picea will update this disclosure document after such arrangements have been put in place.

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

Picea is elaborating a written Code of Ethics that complies with all regulatory requirements set forth by the Rules of the Investment Company Act of 1940. Picea will update this document when it formally adopts the referred Code of Ethics.

Picea does not directly buys or sells securities for customer accounts, so it has no participation or interest in client transactions.

Picea's personal securities and account reporting policies will be established by the Code of Ethics referred above, and will require all employees to report a list of personal securities holdings and accounts, including holdings and transactions in brokerage accounts, as well as duplicate statements for each securities accounts in which the employee has a beneficial interest. Picea's employees will also have to seek pre-clearance for any securities transaction in which they have or acquire beneficial interest.

## Item 12: Brokerage Practices

Picea has the authority to direct transactions to brokers or dealers that it reasonably believes can provide the best qualitative execution.

When determining which brokerage firms have demonstrated the ability to provide best execution, Picea will consider a variety of factors, including but not limited to: the broker's ability to effect prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the financial strength, integrity and stability of the broker; the quality of available brokerage and research products and services considered to be of value; the competitiveness of the commission rates in comparison with other brokers that satisfy the selection criteria.

Picea may enter into agreements with certain brokers, normally referred to as "soft dollar arrangements". This means that Picea may elect to pay an executing broker a commission that is greater than another qualified broker may charge if the research and brokerage services provided by the broker contribute to Picea's decision-making process. Picea will determine, in good faith, that the commission paid to the broker is reasonable in light of the value of the research and brokerage services provided by the broker.

The research received by Picea may include: traditional research reports, facilitation of meetings with company managements, facilitation of meetings with analysts, conferences, special research projects, technical analysis, political, economic and regulatory commentary, regulatory and policy analysis, market data, quantitative equity and economic research, general economic and market analysis and industry/sector specific technical research.

At the moment, Picea does not yet have an agreement with third party companies that provide certain business services such as assistance with trading, operations, compliance and technology. As these agreements are put into effect, Picea will duly update this Disclosure Document.

### Item 13: Review of Accounts

Investors in Picea's funds will receive written statements containing individual net asset values on a quarterly basis, from the independent fund administrator, as set forth in the funds' documents.

### Item 14: Client Referrals and Other Compensation

Picea does not have any arrangements with unaffiliated third parties whereby compensation is paid for referring investors.

### Item 15: Custody

The assets belonging to the funds managed by Picea are custodied at a qualified independent custodian, as defined by the funds' documentation. Picea is not directly the custodian of the assets.

### Item 16: Investment Discretion

Picea has discretionary authority over the investments in its managed funds. Such authority includes what securities will be bought or sold in the investment pools, their quantities, the broker dealer used and the commission rates to pay, among other aspects. The specific terms of the scope of such investment discretion are detailed in the documentation pertaining to each fund.

## Item 17: Voting Client Securities

Picea will hold securities only in its managed funds, and therefore will vote all proxies the fund receives on behalf of the fund.

Picea may refrain from voting in certain circumstances, especially in the case that the potential impact on the managed funds' interests is insignificant while the cost associated with analyzing and voting the proxy may be significant.

Generally, Picea supports proposals that preserve and expand the power of shareholders in areas of corporate governance and allow responsible management teams to run their company in a way that is most likely to maximize value for owners. In general, Picea opposes proposals that reduce management's accountability, misalign management and shareholders' interests and seek to place restrictions on management in order to promote political, religious or social agendas.

## Item 18: Financial Information

Picea has no financial condition to disclose that is reasonably likely to impair its ability to meet contractual obligations. The firm has never been subject of a bankruptcy petition at any time.

For questions or requests for additional information, please contact the number or address listed on the cover of this brochure.

## Picea Value Investors, LLC

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# Form ADV Part 2B – Brochure Supplement

## Norberto Zaiet Junior

### August 2020

This brochure supplement provides information about Norberto Zaiet Junior that supplements Picea Value Investors' brochure. You should have received a copy of that brochure. Please contact [picea@piceavalue.com](mailto:picea@piceavalue.com) if you did not receive Picea Value Investors' brochure or if you have any questions about the contents of this supplement.

Additional information about Norberto Zaiet Junior is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## Item 2: Educational Background and Business Experience

Norberto Zaiet Junior is 47 years old. He is an Economics bachelor by Universidade de Sao Paulo, Sao Paulo, Brazil, and a Master of Business Administration (MBA) by Columbia Business School, in New York City.

Mr. Zaiet started his career in Sao Paulo, Brazil, working as a financial analyst for WestLB, a German financial institution. During his 14-year tenor at WestLB, Mr. Zaiet served, in Brazil, as Head of Risk Management for Latin America and Head of Products and Derivatives, and in New York as Head of Local Markets Trading, Head of Latin America Trading and Sales and Head of Emerging Markets Trading. Between 2010 and 2015 Mr. Zaiet had the positions of CFO, IRO and COO of Banco Pine S/A, a Brazilian financial institution listed in the Sao Paulo Stock Exchange. After a sabbatical year, Mr. Zaiet returned to Banco Pine in 2016 as CEO, and remained in this position until 2018. In 2019, Mr. Zaiet founded Picea Value Investors, LLC.

### Item 3: Disciplinary Information

Mr. Zaiet has not faced and is not facing any legal or disciplinary action, such as criminal or civil action in a domestic, foreign or military court, administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or self-regulatory organization.

### Item 4: Other Business Activities

Mr. Zaiet is not engaged in any other investment related business or occupation other than his activities at Picea.

Mr. Zaiet is not registered and does not have any application pending to register as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA") or any associated person of a FCM, CPO or CTA.



## Item 5: Additional Compensation

Mr. Zaiet does not receive any additional compensation such as sales awards or any bonus that is based on the number or amount of sales, referrals or new accounts.

## Item 6: Supervision

At the moment Mr. Zaiet is the only person in charge of the funds managed by Picea.