



## Part 2A of Form ADV: Firm Brochure

### Item 1 – Cover Page

**Leste Capital Partners (Florida), LLC, Leste Credit (IA),  
Leste USA, LLC**

**Leste Financial Services Gestão de Recursos Ltda.**

**Leste Credit Gestão de Recursos Ltda.**

**Leste Administração de Recursos Ltda.**

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February 23<sup>rd</sup>, 2021

This Brochure provides information about the qualifications and business practices of six affiliated investment advisers: (i) Leste USA, LLC, (ii) Leste Credit (IA), LLC and (iii) Leste Capital Partners (Florida), LLC (together, “**Leste USA**”), (iv) Leste Financial Services Gestão de Recursos Ltda. (“**LFS**”), (v) Leste Credit Gestão de Recursos Ltda., and (vi) Leste Administração de Recursos Ltda. (“**LGI**” with Leste USA, LFS, Leste Credit and LGI, collectively, the “**Leste Group**”). If you have any questions about the contents of this Brochure, please contact us at [compliance@leste.com](mailto:compliance@leste.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) (or by any state securities authority).

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

Any reference to any of Leste USA, LFS, Leste Credit or LGI as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.



## **Item 2 – Material Changes**

The following are material changes to our brochure since the March 13, 2020 brochure.  
Formation of **new** reliant adviser, **Leste Credit IA, LLC**

In an effort to further streamline its investment management structure, Leste has formed a new Adviser under its umbrella registration as a 'relying adviser' under Leste Capital Partners (FL).

As such, Leste Credit (IA), LLC will replace Leste Capital Partners (FL), LLC as the investment manager of Leste Credit Opportunities Fund.



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## Item 4 – Advisory Business

### Overview of Leste Group

Leste Group is an alternative investment platform founded in 2014 by Mr. Emmanuel Rose Hermann who employed other investment professionals with relevant background in the financial, corporate and real estate markets for the purposes of developing investment adviser activities. Leste Group has a presence in four jurisdictions: United States of America, Brazil, the United Kingdom.

As of the date hereof, Leste Group encompasses the following affiliated investment adviser entities:

Leste USA, LLC, a Delaware limited liability company, is the investment adviser of Leste Group in the United States. Leste USA, LLC pursues its business activities directly and through Leste Capital Partners (Florida), LLC, a Delaware limited liability company.

Leste Capital Partners (FL), Leste Credit (IA), LLC and Leste USA, LLC are affiliated companies under common control and conduct activities from the same office location in the United States, as such, share common facilities, infrastructure, vendors, as well maintain various dually associated personnel including the same Chief Compliance Officer. In addition, these companies share a number of common clients although each entity is approved for separate business activities in the United States. Accordingly, Leste Capital Partners (Florida), Leste Credit (IA) LLC and Leste USA, LLC together ("**Leste USA**") are being treated as a single business for purposes of this Brochure.

Leste Financial Services Gestão de Recursos Ltda. ("**LFS**"), a *sociedade limitada* organized under the laws of Brazil, is registered as an investment adviser with the SEC. LFS is also registered as an investment adviser with the *Comissão de Valores Mobiliários*, the Securities and Exchange Commission of Brazil ("**CVM**").

Leste Credit Gestão de Recursos Ltda. ("**Leste Credit**"), a *sociedade limitada* organized under the laws of Brazil, is registered as an investment adviser with the SEC. Leste Credit is also registered as an investment adviser with the CVM.



Leste Administração de Recursos Ltda. (“**LGI**”), a *sociedade limitada* organized under the laws of Brazil, is registered as an investment adviser with the SEC. LGI is also registered as an investment adviser with the CVM.

As explained in Item 10 – “Other Financial Industry Affiliations and Activities” below, Leste USA has certain other advisory affiliates in Brazil and in the United Kingdom. Each of these affiliates relies on its own exemption from registration as an investment adviser with the SEC. The Leste Group, together with such other affiliated advisory affiliates (each, an “**Other Leste Advisory Affiliate**”), is referred to herein, collectively, as the “**Leste Group Advisory Entities**”.

All investment advisers of the Leste Group are directly or indirectly owned or controlled by Leste Holding, LLC, a holding company organized as a Delaware limited liability company that, in turn, is wholly owned by Mr. Emmanuel Rose Hermann.

Leste USA, LFS, Leste Credit and LGI have been formed as separate legal entities for business, organizational or regulatory purposes, but conduct a single advisory business under the supervision and control of Mr. Emmanuel Rose Hermann. They are subject to the same compliance procedures under the same Board of Compliance. Therefore, and to enhance transparency for clients and investors of each entity composing the Leste Group, the Leste Group has been treated as a single business for the purpose of this Brochure.

The Leste Group has also established, for business, organizational or regulatory purposes, a number of special purpose entities that serve as sponsors, general partners, managing members (or equivalent) (each, a “**Leste GP SPE**”) of one or more Leste Funds (as defined in this Item 4 – “Advisory Business” below). All Leste GP SPEs conducting business as of the date of this Brochure are listed in Section 7.A of Leste Group’s Form ADV Part 1A. References to “**we**”, “**us**” or “**our**” herein refer, collectively, to Leste USA, LFS, Leste Credit, LGI and the Leste GP SPEs.

While each of the Other Leste Advisory Affiliates relies on its own exemption from registration as an investment adviser with the SEC, Leste Group decided to impose its compliance procedures also on each Other Leste Advisory Affiliate.



## **Lines of Business**

Leste Group, through Leste USA, LFS, Leste Credit and LGI, pursues five business lines: (i) Leste Global Investments, (ii) Leste Credit, (iii) Leste Real Estate, (iv) Leste Global Ventures and (v) Leste Financial Services. See also Item 8 – “Method of Analysis, Investment Strategies and Risk of Loss” for further details about the investment strategies referenced in the following general overview of Leste Group’s lines of business.

<b>Leste Global Investments</b>	
Leste Group members conducting this line of business:	LGI and Leste USA
Other Leste Advisory Affiliates conducting this line of business:	Leste UK (as defined in Item 10 – “Other Financial Industry Affiliations and Activities” below) is part of the Leste Global Investments line of business. Leste UK implements a corporate fundamentals strategy.
Strategies and Instruments:	<p>Discretionary advisory services to pooled investment vehicles that engage in multi-manager investment strategies.</p> <p>The strategies implemented by the Leste Global Investments line of business are grouped into the following clusters:</p> <ul style="list-style-type: none"> <li>- <u>Event-Driven</u>: merger arbitrage, share class and special situations (almost 90% of strategy involves U.S. equities).</li> <li>- <u>Corporate Fundamentals</u>: Corporate fundamentals and credit trading, including long or short stocks and corporate bond portfolios.</li> <li>- <u>Macro</u>: FX, stock indices, sovereign credit and interest rate (allocation from a macro perspective).</li> <li>- <u>Diversified</u>: quantitative trading and opportunistic trading.</li> </ul>



	<p>The Leste Global Investments line of business may tailor investment vehicles on behalf of high net worth or institutional investors with the specific purposes of investing in Leste Global Investments strategies.</p>
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<b>Leste Credit</b>	
Leste Group members conducting this line of business:	Leste USA, LC US and Leste Credit
Strategies and Instruments:	<p>Discretionary advisory services to pooled investment vehicles, the primary purpose of which is to invest in structured transactions such as senior secured corporate debt, securitizations, leveraged financing (mezzanine or subordinated debt) and high yield bonds, focusing on the Brazilian, U.S. and rest of Latin American markets.</p> <p>The Leste Credit line of business may tailor investment vehicles on behalf of high net worth or institutional investors with the specific purposes of investing in Leste Credit strategies.</p>

<b>Leste Real Estate</b>	
Leste Group members conducting this line of business:	Leste USA
Other Leste Advisory Affiliates conducting this line of business:	<p>Leste Real Estate Brazil (as defined in Item 10 – “Other Financial Industry Affiliations and Activities” below) is part of the Leste Real Estate line of business. Leste Real Estate Brazil implements a Brazilian real estate strategy.</p>



Strategies and Instruments:	<p>Discretionary advisory services to pooled investment vehicles, the primary purpose of which is to invest in investment opportunities related to real estate assets in the United States.</p> <p>The Leste Real Estate line of business may tailor investment vehicles on behalf of high net worth or institutional investors with the specific purposes of investing in Leste Real Estate strategies or to acquire a specific real estate asset.</p>
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<b>Leste Global Ventures</b>	
Leste Group member conducting this line of business:	Leste USA
Other Leste Advisory Affiliates conducting this line of business:	None
Strategies and Instruments:	<p>Leste Global Ventures identifies and implements investment opportunities related to the venture capital investments in companies in the United States and Brazil that are not publicly traded.</p> <p>The Leste Global Ventures line of business may tailor investment vehicles on behalf of high net worth or institutional investors with the specific purposes of investing in Leste Global Ventures strategies or to invest in a specific private equity deal.</p>





<b>Leste Financial Services</b>	
Leste Group members conducting this line of business:	LFS
Other Leste Advisory Affiliates conducting this line of business:	None
Strategies and Instruments:	<p>The Leste Financial Services line of business manages on a discretionary basis certain investment vehicles of Mr. Hermann's family members.</p> <p>Leste Financial Services also centralizes personnel and resources that are shared among the advisers constituting the Leste Group and the Other Leste Advisory Affiliates and provides back-office and support services to other business lines (including risk controls, compliance, legal, investor relations and fund administration).</p> <p>The Leste Financial Services line of business may tailor investment vehicles on behalf of high net worth or institutional investors with the specific purposes of investing in the Leste Group's strategies.</p>

Certain Other Leste Advisory Affiliates also pursue litigation financing and private equity as separate lines of business, conducted through LLF Brazil and Leste Private Equity Brazil (each, as defined in Item 10 – “Other Financial Industry Affiliations and Activities” below).

Under certain circumstances, Leste USA, LFS, Leste Credit or LGI may contract with a client to adhere to limited risk and/or operating guidelines imposed by the client. We negotiate such arrangements on a case-by-case basis.



Leste USA, LFS, Leste Credit or LGI, as applicable, implements the investment strategies described above by providing discretionary advisory services to various investment funds, including certain investment vehicles of Mr. Hermann's family members (each, a "**Leste Fund**") and, as of the date of this brochure, one managed account for a non-U.S. fund-of-one on behalf of the Mr. Hermann's family (the "**Leste SMA**"). In the future, we may provide discretionary and/or non-discretionary investment advice to other private investment funds and/or separately managed accounts (collectively with the Leste Funds and the Leste SMA, Leste's "**clients**"). For business, organizational, or regulatory purposes, Other Leste Advisory Affiliates may act as primary advisers or sub-advisers of our clients.

Each Leste Fund is governed by the investment restrictions and guidelines contained in its respective governing and/or offering documents (in each case, such Leste Fund's "**Memorandum**"). Information about the Leste Funds, including information about investment strategies, fees, expenses, risks and other material information, is contained in each Leste Fund's Memorandum. (See Item 16 "Investment Discretion" below.)

We generally will not permit investors in a Leste Fund to impose limitations on the investment activities described in the Memorandum for such Leste Fund. However, under certain circumstances, we may contract with a client to adhere to limited risk and/or operating guidelines imposed by the client. We negotiate such arrangements on a case-by-case basis.

Leste Group does not participate in any wrap fee program.

As of January 31, 2020, (i) Leste USA managed approximately \$ 276,462,549 in regulatory assets under management on a discretionary basis, (ii) LFS managed approximately \$ 290,629,007 in regulatory assets under management on a discretionary basis, (iii) Leste Credit managed approximately \$69,774,853 in regulatory assets under management on a discretionary basis, and (iv) LGI managed approximately \$ 87,964,466 in regulatory assets under management on a discretionary basis. Note that a substantial portion of each such entity's regulatory assets under management is jointly managed by one or more other entities comprising the Leste Group. The Leste group's cumulative regulatory assets under management as of January 31, 2020 were approximately \$ 535,967,803. Accordingly, the Leste Group's cumulative assets are substantially lower



than the collective assets reported above. Currently, we do not manage any assets on a non-discretionary basis. The amount of such regulatory assets under management is estimated based on unaudited financial statements.



## **Item 5 – Fees and Compensation**

In general, Leste Group advisory entities charges an asset-based advisory fee of up to 2% per annum, calculated based on either the net asset value (“NAV”), amount of capital commitment or amount of invested capital of the relevant Leste Fund. In general, the NAV, amount of capital commitment or investment capital, as applicable, is determined at the end of each month or quarter to determine the management fees payable for the following month or quarter, as applicable. We generally deduct our management fees from the Leste Funds monthly in arrears.

Leste Group advisory entities also generally charge a performance-based compensation (please see Item 6 – “Performance-Based Fees” for more detail). Generally, we receive performance-based fees, carried interest or allocations from the Leste Funds either on a semi-annual or annual basis in arrears or upon the distribution of capital. We also may receive performance-based fees, carried interest or allocations on a withdrawal/redemption by a Leste Fund investor. Management fees and performance-based fees or allocations are generally not refundable, including upon the termination of the advisory contract.

The extent and specific terms pursuant to which our clients are responsible for management fees, performance-based compensation and/or expenses are set forth in each client’s applicable written agreement with us and, in the case of the Leste Funds, such fund’s Memorandum.

Asset-based and performance-based compensation payable with respect to a particular class of interests or shares of a Leste Fund generally are non-negotiable, except that they may be reduced, modified or waived in the case of Leste Group affiliates/related persons, strategic/significant relationships and customized products.

Leste Group’s asset-based and performance-based compensation are not inclusive of all fees and expenses that Leste Funds will pay. The following is a list of fees and expenses that Leste Funds typically will pay directly to third parties:

- (i) Organizational expenses;
- (ii) Administrator fees;
- (iii) Independent Director fees;



- (iv) Custodian fees;
- (v) Legal fees;
- (vi) Regulatory fees, governmental charges and duties;
- (vii) Accounting fees;
- (viii) Audit fees;
- (ix) Brokerage costs;
- (x) Bank wire fees;
- (xi) Independent valuation agent fees;
- (xii) Rating agencies fees;
- (xiii) Research fees;
- (xiv) Market maker fees;
- (xv) Placement agent fees;
- (xvi) Fees and charges clearing agencies;
- (xvii) Interest and commitment fees on loans and debit balances;
- (xviii) Asset-based and performance-based compensation of external investment advisors;
- (xix) Expenses related to the preparation and filing of investor reports, disclosure documents, regulatory and other filings and notifications of, or related to the activities of, the relevant Leste Fund;
- (xx) Costs relating to the preparation and filing of Form PF;
- (xxi) Expenses related to notifications and communications between the client and the investors;
- (xxii) Expenses related to the exercise of proxy voting;
- (xxiii) Any costs incurred in respect of meetings of the Independent Directors (including any committees) and meetings, if any, of shareholders;
- (xxiv) Expenses not covered by insurance policies;
- (xxv) Extraordinary expenses, including litigation expense;
- (xxvi) Hedging costs and expenses; and
- (xxvii) Investment structuring expenses.

With respect to each Leste Fund that invests in a master fund, generally all expenses of such fund will be borne by the master fund, other than any expenses that the Leste Group determines in its discretion should be allocated to a particular feeder fund. While such Leste Funds will generally share or be allocated the expenses of the master fund on a *pro rata* basis based on their respective ownership of the master fund, the economic



benefit that each such Leste Fund receives with respect to such expenses may not be the same.

In addition, the investment expenses (e.g., expenses related to the investment and custody of the client's assets) as well as other client fees may, in the aggregate, constitute a high percentage relative to other investment entities. The client will bear these costs regardless of its profitability.

We may also allocate a portion of certain clients' capital to money market funds, exchange-traded funds or similar fee-bearing products, or private investment funds and accounts, that are managed by other unaffiliated investment managers. In that case, such client accounts generally would be responsible for paying any and all fees, performance-based compensation and expenses associated with such products, which would be in addition to those discussed above.

Leste Group may charge certain clients other expense items that are not listed above. Details of the type of expenses charged to a Leste Fund are specified in such fund's then current Memorandum.

Investors in a Leste Fund indirectly bear their *pro rata* share of such additional fees and expenses for the time period they are invested in such Leste Fund.

To the extent that we incur any expenses for the benefit of multiple clients, we will allocate such expenses in a manner among such clients that we deem equitable, taking into account our clients' respective governing documents and applicable facts and circumstances, including the relative size of the applicable entity or account, the nature or source of the product or service and the benefits derived from and the extent of use of the product or services. Nonetheless, the portion of an expense that we may allocate to a client for a particular product or service might not reflect the relative benefit derived by such client from that product or service in any particular instance. Also, it is possible that under some of our advisory contracts we may not require a client to incur certain expenses, despite the fact that such client will receive a benefit in connection with our incurrence of such expenses. In such an event, the other clients may bear the additional share of any such expenses that would have been allocable to the client that is not required to incur such expenses. Our expense allocations often depend on inherently subjective determinations, but the expense allocations made by us will be in good faith.



There is no compensation paid by third-parties to affiliates of the Leste Group or its supervised persons for recommending investment products to Leste Funds. All compensation paid by Leste Funds are the asset-based management fees or performance-based compensation described in Item 5 “Fees and Compensation” and Item 6 “Performance-Based Fees and Side-by-Side Management” of this Brochure and the Memorandum of the relevant Leste Fund.

Leste Group advisory affiliates or certain Leste Funds have entered into, and expect to enter into, agreements with placement agents providing for one-time or ongoing payments from a Leste Group advisory affiliate or such Leste Fund based upon the amount of an investor’s investment or capital commitment to such Leste Fund or the asset-based compensation and/or performance-based compensation borne by an investor that was introduced to such Leste Fund by the placement agent. Amounts paid by a Leste Fund to any placement agent will typically reduce the asset-based compensation and/or performance-based compensation otherwise payable or allocable in respect of the investor that was introduced to the Leste Fund by such placement agent.

Leste Group and its personnel generally can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of clients and client portfolio investments, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as a client expense typically result in cash rebates, “miles,” “points” or credit in loyalty/status programs, and such benefits and/or amounts will exclusively benefit the Adviser and/or such personnel even though the cost of the underlying service is borne by clients. The value of such benefits and perquisites will neither be subject to an offset against fees or expenses payable by clients nor will they otherwise be shared with clients and/or portfolio investments.

In some cases, our certain investment vehicles of Mr. Hermann’s family members will pay or reimburse some or all of the overhead expenses of the Leste Group advisory affiliates.

For a summary of our brokerage practices, see Item 12 – “Brokerage Practices” below.



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

### **Performance-Based Compensation**

In addition to the asset-based advisory fees disclosed in Item 5 – “Fees and Compensation” above, most Leste Funds pay also a performance-based compensation (which may take the form of a performance fee, performance allocation, carried interest or other payment) from certain clients that may vary between 10 to 30% of net profits of such client as further described below. Leste Fund investors are provided with detailed disclosure in the applicable offering documents of such Fund as to how the relevant performance-based compensation is calculated and charged in the relevant fund’s Memorandum.

For Leste Funds that are part of the Leste Global Investment line of business, such performance-based compensation is generally structured as a performance fee or incentive allocation calculated based on realized and unrealized gains and subject to loss carry-forward mechanics (and, in some cases, a “performance hurdle”). Under a loss carry-forward provision (also referred to as a “high water mark”), if the relevant Leste Fund has a loss chargeable to it during any fiscal year or other measurement period, and during a subsequent fiscal year or other measurement period there is a profit allocable to such Leste Fund, there will be no performance-based compensation due until the amount of the loss previously allocated has been recouped.

Leste Global business lines other than Leste Global Investment often have a performance-based compensation structure as a carried interest paid out of net disposition proceeds. The relevant distribution waterfall may or may not be subject to a preferred return and/or catch-up for the Leste advisory entity or its affiliates.

Performance-based compensation will conform to Rule 205-3 under the U.S. Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), to the extent applicable.

The size of the performance-based compensation as between clients varies and depends on a number of factors including, but not limited to, the level of asset-based advisory fee charged and the use of performance hurdles. Unless waived for a particular investor or type of investor, investors in a Leste Fund are allocated their *pro rata* share of performance-based fees for the time period they are invested in the Leste Fund.





The different level of performance-based compensation between client accounts may result in a conflict of interest when we allocate investment opportunities among these accounts because we will have an incentive to favor an account from which we are entitled to receive performance-based compensation (or greater performance-based compensation) over other accounts. To avoid such a conflict of interest, we generally follow documented procedures in allocating opportunities among such accounts, which do not take into account the compensation to which such accounts are subject.

### **Investment Allocation**

When we determine that a particular investment opportunity would be desirable for more than one client, we seek to allocate such opportunity among such clients in a manner that we deem fair and equitable under the circumstances existing at such time. The factors that we may consider in making such determination include (but are not limited to): (i) the mandate of each client account; (ii) the relative amounts of capital in each client's account available for new positions of the type at issue; (iii) our perception of the appropriate risk/reward ratio for each client account; (iv) the intended objective and strategy of each client account and any applicable investment or risk targets/profile; (v) investment restrictions or guidelines; (vi) the term and/or liquidity of each client account at the time of investment and thereafter; (vii) the ability to add positions to a client account on a leveraged basis; (viii) liquidity of the security; (ix) market capitalization and/or enterprise value of the underlying credit; (x) whether the position is an "odd lot"; (xi) whether certain accounts would receive nominal or *de minimis* allocation amounts; (xii) transaction costs; position size; industry exposure; (xiii) market exposure; (xiv) gross, net, long and short exposure; (xv) applicable legal, tax and regulatory considerations; (xvi) the overall portfolio composition of each client account; and (xvii) such other considerations that we determine to be relevant at such time. New issues (as defined by FINRA rule 5130) are generally allocated to client accounts in accordance with the criteria set forth above to the extent that such accounts are eligible to participate in new issues.

Certain clients, including certain Leste Funds managed for the Mr. Hermann family, have a multi-strategy investment mandate that overlaps with the investment mandate of other Leste Fund that pursue a more specific investment strategy. We generally allocate (based on the allocation criteria described above) investment opportunities primarily as between Leste Funds that have (i) a more specific investment mandate and (ii) investors that are



not affiliated with the Leste Group or the Mr. Hermann family. Generally only the excess investment opportunities (if any) will then be allocated (based on the allocation criteria described above) as between Leste Funds with a multi-strategy investment mandate, including certain Leste Funds managed for the Mr. Hermann family.

Notwithstanding the foregoing, there can be no assurance that certain allocation decisions will not directly or indirectly adversely affect our clients, even if such decisions are made in good faith. Investment allocations are subject to a significant degree of discretion exercised by us, including, but not limited to, in connection with portfolio rebalancing, investing in new, different or additional investment strategies and in connection with admissions and withdrawals of investors to and from the private investment funds that we manage. Even allocations designed to mitigate conflicts do not eliminate the possibility that an allocation of assets will not adversely affect our clients.

Our personnel and/or other related persons, including certain Leste Funds managed for the Mr. Hermann family, invest in one or more of our clients. In such case, we may have an incentive to favor the client(s) in which they have a greater economic interest and/or may have a conflict of interest in allocating investment opportunities among those client accounts and other client accounts. In order to mitigate these potential conflicts, we will generally follow the allocation procedures referenced above.

As management fees of certain clients are based on the net asset value of client assets, and as the performance-based compensation is based for certain clients on the realized and unrealized gains of client assets, we may have a conflict of interest in valuing the assets held in client accounts. To the extent we are responsible for valuing a client's assets, we will follow our documented valuation policies in order to mitigate this risk.

Since the amount of fees paid/allocations made to us is dependent in part on the profitability of the applicable client, we may have an incentive to cause clients to make investments that are riskier or more speculative than would be the case if such fees/allocations were not dependent on the clients' net asset value and profitability. We recognize that we have a fiduciary duty and as such must act in the best interests of our clients.



Clients and investors in the Leste Funds are urged to review the investment management agreements and/or Memorandum of the relevant Leste Fund(s) regarding the specific fees, performance-based compensation, and expenses applicable to them.

### **Item 7 – Types of Clients**

We currently provide investment advice primarily to clients who are private investment funds or pooled investment vehicles. U.S. investors in such private investment funds generally must qualify as “accredited investors” (as defined in Rule 501 under the U.S. Securities Act of 1933, as amended (“**Securities Act**”)) and investors in U.S. funds generally must be “qualified clients” (as defined in Rule 205-3 of the Advisers Act) or “qualified purchasers” (as defined in the U.S. Investment Company Act of 1940, as amended (the “**Company Act**”)). In addition, investors may be subject to other suitability requirements to the extent provided in the applicable Leste Fund’s Memorandum. We may provide investment advice to other types of clients in the future.

Some Leste Funds have a minimum investment amount set forth in the Memorandum that is generally between US\$10,000 and US\$ 1,000,000 (or the equivalent in Brazilian Reais), subject to each Leste Fund’s discretion to accept lesser amounts. We will determine the minimum investment amount (and any other conditions for opening and maintaining an account) for other clients, such as any separately managed accounts, on a case-by-case basis.



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

### **Method of Analysis and Investment Strategies**

The development of an investment strategy for each of our clients is an ongoing process. The strategies, techniques and methods described in Item 4 “Advisory Business” and this Item 8 will therefore be modified by us from time to time and over time.

There is no limitation on the investment strategies, techniques, methods, or processes which we may adopt for any particular client or the factors that we may take into account in analyzing investments for our clients. Depending on conditions and trends in securities markets and the economy generally, we may pursue other objectives, or employ other strategies, techniques, methods, or processes, that we consider appropriate and in the best interest of the clients, without notice to them or their consent, except to the extent that our written agreement with a client may provide otherwise.

The description of our investment strategies, techniques, methods, and processes described in Item 4 – “Advisory Business” and this Item 8 is intended only as a general overview and is subject to the specific terms of our written agreements with clients. For a complete and more detailed list of Risk Factors, investors are guided to product-specific disclosures such as in private placement memorandums (where applicable).

### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security’s particular underlying circumstances. For example, political, economic and social conditions may trigger market events.



- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**The above risks are not meant to represent all risks associated with investing, and investments typically carry the potential for a loss of your total investment. Please discuss the risks associated with investing with your IAR to ensure you are comfortable with the level of risks in your portfolio.**



## **Item 9 – Disciplinary Information**

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

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

### **Other Financial Industry Affiliates**

#### **Other Leste Advisory Affiliates**

As described above in Item 4 – “Advisory Business”, all Leste Group advisory affiliates are principally owned by Mr. Emmanuel Rose Hermann.

In addition to the advisory affiliates constituting the Leste Group listed in Item 4 – “Advisory Business” above, the Other Leste Advisory Affiliates, as of the date of this Brochure, are:

Aliya Capital Partners, LLC, a Delaware LLC registered with the SEC, Leste Capital Management UK LLP (“**Leste UK**”), a limited liability partnership organized under the laws of the United Kingdom. Leste UK is authorized to act as an investment adviser by the Financial Conduct Authority. Both companies under common control.

Leste Private Equity Gestão de Recursos Ltda. (“**Leste Private Equity Brazil**”), a *sociedade limitada* organized under the laws of Brazil. Leste Private Equity Brazil is also registered as an investment adviser with CVM.

Leste Litigation Finance Consultoria Especializada Ltda. (“**LLF Brazil**”), a *sociedade limitada* organized under the laws of Brazil.

Leste Real Estate Consultoria Imobiliária Ltda. (“**Leste Real Estate Brazil**”), a *sociedade limitada* organized under the laws of Brazil.



Leste Read Advisors Consultoria Especializada Ltda. ("**Leste Read Advisors**"), a *sociedade limitada* organized under the laws of Brazil.

Each of the foregoing Leste entities relies on an exemption from registration as an investment adviser with the SEC pursuant to the foreign private adviser exemption of Section 203(b)(3) of the Advisers Act.

Some of our supervised persons also serve as officers or employees of one or more of the Other Leste Advisory Affiliates. When we and our related persons concurrently manage client accounts/investment products, and particularly when dual hatted officers and employees are involved, this presents certain conflicts, as described below.

Management of client accounts by affiliated investment advisers could give rise to a variety of potential and actual conflicts of interest, including potential front-running in the same security, and material non- public information shared across affiliate investment managers. In addition, because the Other Leste Advisory Affiliates perform investment advisory services for various clients, we or one of the Other Leste Advisory Affiliates may give advice or take action in the performance of our duties with respect to our respective clients which differs from the advice given or action taken by us or another Leste Advisory Affiliates with respect to our clients.

We and our Advisory Affiliates have taken a number of steps to mitigate these conflicts, including the following: (i) we and the Other Leste Advisory Affiliates have adopted and abide by the same Code of Ethics, (ii) we and the Other Leste Advisory Affiliates share the same restricted list, and (iii) we and the Other Leste Advisory Affiliates are each independently capitalized.

#### NW3 Capital

The Leste Group has a 15% equity stake in NW3 Capital Gestão de Recursos Ltda. ("**NW3 Capital**"), a *sociedade limitada* organized under the laws of Brazil. NW3 Capital is also registered as an investment adviser with CVM. NW3 Capital relies on its own exemption from registration as an investment adviser with the SEC.

NW3 Capital has adopted its own compliance procedures. The clients of NW3 Capital pursue the same event-driven strategies as certain clients of LGI. Both we and NW3



Capital are also subject to review procedures to track our client accounts and will address any potential conflicts of interests that might arise from the foregoing situation.

**Certain Additional Conflicts of Interest**

The Leste Group and their principals and affiliates may determine, in their discretion, to participate in investments with persons not affiliated with our clients. In addition, we may offer to certain clients, or to any third party, the opportunity to co-invest in opportunities in which a client has invested or that become available to a client. We may offer such opportunities to investors that we select in our discretion without notice to or the consent of any other client or investor.

Further, we have a conflict of interest where a service provider (e.g., legal counsel or accountants) provides services directly to us or one of our affiliates, and separately provides services to one or more clients, in that we or our affiliates may potentially obtain services at a lower cost (or obtain other terms that are more beneficial) than we or our affiliates otherwise could have as a result of the service provider's work performed on behalf of, and the compensation paid to the service provider by, such clients. In particular, unless inconsistent with our applicable written client agreement, costs associated with services rendered to the benefit of a client may be borne by such client. We and our affiliates may use some of the same service providers as are retained on behalf of one or more clients and, in some cases, fee rates, amounts or discounts may be offered to us and our affiliates by a third-party service provider which differ from those offered to a client as a result of scheduled or ad hoc rate changes, differences in the scope, type or nature of the service or transaction, alternative fee arrangements and negotiation.





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

We are subject to a Code of Ethics (the “**Code of Ethics**”) which provides that we are committed to conducting our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, we recognize that we have a fiduciary duty to our clients, and that we must conduct our business in a manner that enables us to fulfill this fiduciary duty. In this regard, we have developed policies and procedures in our Code of Ethics that are premised on fundamental principles of openness, integrity, honesty and trust. In addition, among other things, our Code of Ethics governs all personal investment transactions by our employees, our policies with respect to gifts and entertainment, compliance with certain applicable federal securities laws, the manner in which violations of our Code of Ethics are to be reported, and certain other outside activities of our employees. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Under our Code of Ethics, we place certain restrictions on the personal trading activities of our employees and their immediate family members. Our employees are required to disclose their personal securities holdings on an initial and annual basis, and their personal securities transactions quarterly. Employees are required to obtain pre-clearance for most personal trades, including transactions in single-name equities and derivatives thereof, initial public offerings and limited offerings (such as hedge funds, private equity funds or other types of private offerings).

Subject to applicable law, we very rarely, but may effect transactions between clients (generally for rebalancing purposes and to correct misallocations of trades) where one client will purchase securities from another client (including a private investment fund or account in which we, our affiliates, principals or employees may have a significant interest). Such transactions (i.e., cross trades) will generally be effected only when we believe that such transactions are in the best interest of the applicable clients. Such transactions will be placed through an unaffiliated broker-dealer or custodian, will not involve any accounts subject to ERISA, and will be effected for cash consideration, at prices that reflect prevailing market conditions or determined in accordance with our valuation policy. In addition, no brokerage commission or transfer fee will be paid to us or our affiliates in connection with any such transaction. Any transaction costs incurred in



connection with any such transaction will be shared *pro rata* between the applicable clients.

In the event that we effect a cross trade between an account in which we or any principal of a member of the Leste Group owns more than twenty five percent (25%) and another client account, such transaction may be deemed to be a principal transaction under the Advisers Act. Such transactions would create a conflict of interest for us because we may put our or our principal's interests in such accounts before the interests of our clients in the other account. We will not affect any cross trades between accounts if we believe that such trade would result in a principal transaction, unless:

- We believe that such transaction is in the best interest of the clients participating in the transaction; and
- We obtain the consent of the applicable clients to the extent required under the Advisers Act.

We may buy or sell securities for one client at the same time that we or our related persons, including Leste Funds for Mr. Hermann's family, buy or sell the same security for one or more other clients (including other Leste Funds). This will typically happen when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. This may create a conflict of interest if one account may benefit from making the trade before or after the other account. We will generally seek to aggregate trades, as described below under "Aggregation of Orders" in Item 12 - "Brokerage Practice" to avoid any such conflict of interest.



## **Item 12 – Brokerage Practices**

### **Selection of Brokers**

In placing portfolio transactions for our client accounts, we seek to obtain the best execution, taking into account some or all of the following factors: execution capability, execution quality, commission rate, financial responsibility and financial services offered, willingness and ability to commit capital, confidentiality, trading expertise, facilities, reputation and integrity, reliability in keeping records, responsiveness, and with respect to a particular trade, the timing and size of the order, available liquidity and market conditions.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. We have not committed to provide any level of brokerage business to any broker to date, and actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above.

Our Brokerage Committee will meet on a quarterly basis to evaluate, among other things, the execution performance of the broker-dealers we use to execute client transactions. In conducting our analysis, the committee considers, among other things, the factors listed above, and will review gifts and entertainment received, and certain conflicts of interests (e.g., directing commissions to a broker that a family member is employed by a broker).

### **Research and Other Soft Dollar Benefits**

We currently do not have any soft dollar arrangements in place that would commit our clients to any implied or explicit level of trading, but we may in the future. In the event that we may direct client transactions to a particular broker-dealer in return for soft dollar benefits, we will generally follow the same practices described above when selecting such broker-dealer.

However, we execute securities transactions on behalf of client accounts with broker-dealers that provide us with bundles products or services, such as access to proprietary research reports (such as standard investment research and credit reports). To our



knowledge, these products or services are generally made available to all institutional investors doing business with such broker-dealers. These bundled services are made available to us on an unsolicited basis and without regard to the rates of commissions charged or paid by client accounts or the volume of business that we direct to such broker-dealers.

In the event that we will engage in soft dollar transactions in the future, we intend to comply with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Over the past fiscal year, Leste USA, LFS, Leste Credit, and LGI have not acquired research from brokers. We may, however, acquire such research from brokers in accordance with our policies and procedures and applicable law.

Our prime broker(s) generally provide us with certain front and back office services, such as trading, securities lending, clearing, reporting, and settlement for equities, fixed income, foreign currency and options among other services. From time to time we will utilize one or more of the services that are offered to us. Subject to applicable law, our prime brokers may also provide us with capital introduction services. Our clients will pay fees to the prime brokers in accordance with the fee schedules negotiated with such prime brokers.

#### **Brokerage for Client Referrals**

Subject to applicable law, we may direct some client brokerage business to brokers who refer prospective investors to the vehicles we manage, consistent with best execution. Because such referrals, if any, are likely to benefit us but will provide an insignificant (if any) benefit to our clients, we have a conflict of interest with our clients when allocating client brokerage business to a broker who has referred investors to us. To prevent client brokerage commissions from being used to pay investor referral fees, we will not allocate client brokerage business to a referring broker unless we determine in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to the client account.



### **Trade Error Policy**

Subject to applicable law and the terms of our written agreements with clients, we will reimburse the applicable client account(s) for net losses that occur as a result of trade errors resulting from our gross negligence, willful misconduct or fraud.

We may correct misallocations of trades among client accounts by re-allocating the applicable trade using the intended allocation methodology prior to the trade's settlement date. If an erroneous allocation cannot be corrected prior to or after settlement, we may, if appropriate and subject to applicable law, correct such erroneous allocation by effecting a cross trade between client accounts at the price at which the initial trade was effected.

### **Aggregation of Orders**

We will generally aggregate client trades, subject to best execution. Aggregation, or "bunching," describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for us generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. In such event, securities purchased or sold will generally be allocated among client accounts as described above under "Investment Allocation" in Item 6 – "Performance-Based Fee; Side-by-Side Management".

When an aggregated order is only partially filled, we will allocate the investment opportunity as described under "Investment Allocation" in Item 6 – "Performance-Based Fee; Side-by-Side Management".

We may also aggregate subsequent orders for the same security entered during the same day with any previously filled orders. This determination may take into consideration changes in the market price of the security and differences in allocations among accounts.

Clients may pay more to the extent that we do not, or are unable to, aggregate trades, as seeking to place separate, non-simultaneous transactions in the same security for multiple clients may negatively affect market price, transaction commissions and/or trade execution. A client's nonparticipation in bunched trades may result in lost opportunities to



purchase securities for such client's account that other clients participating in bunched trades were able to purchase.

### **Third Party Trading**

In a situation where the trade requires access to a particular exchange or market to which a client is not connected to, we may use a third-party trader to execute such trade. Any such third-party trader would be a registered broker-dealer and would be capable (depending on our instructions and/or the exercise of its own discretion) of directly executing trades for our clients or instructing another broker to do so on its behalf. When using a third-party trader, we may select a specific broker that the third party-trader must use to execute the trade in question. Our decision to instruct the third-party trader to use a specific broker (or otherwise) is subject to the broker selection criteria described above.

### **Item 13 – Review of Accounts**

Client accounts are typically reviewed by the operational team on a daily, weekly or monthly basis, depending on the type of client (e.g., liquid vs. illiquid investments, trading volume), for conformity to the objectives and risk criteria applicable to such accounts, and compliance with any applicable investment guidelines and restrictions.

Investors in the Leste Funds generally will receive a monthly or quarterly account statement and audited financial statements on an annual basis. We also typically distribute tax reports to investors in the Leste Funds.

We have entered and expect to enter into agreements (“**side letters**”) with one or more Leste Fund investor that result in investment terms that differ from the terms applicable to other investors in such Leste Fund, including, without limitation, with respect to fees, performance-based compensation or allocations. So far, we have not, but in the future may provide particular investors with more frequent and/or more detailed information regarding a Leste Fund's positions, performance, finances, and management and/or other information about such Leste Fund or us (including, notification of senior employee departures, the commencement of disciplinary actions, legal proceedings, investigations or similar matters, or redemptions from the Leste Funds by us, our affiliates and/or our respective personnel), possibly enabling such investors to better assess the prospects and performance of the Leste Funds. As a result of such side letters, certain investors



may receive additional rights and/or information that other investors will not necessarily receive. Subject to applicable law and contractual arrangements, we do not intend to disclose the terms of side letter agreements or other arrangements and do not intend to disclose the identities of the investors that have entered into such agreements with the Leste Funds or us. We will not be required to offer such additional or different rights and terms to any or all other investors.

We may provide certain additional information to any investor, or prospective investor, in a Leste Fund (or to any of our clients or prospective clients) who requests such information. This information may be provided in response to questions and requests and in connection with due diligence meetings and other communications but will not be distributed to other investors and prospective investors who do not request such information. Such information may affect a prospective investor's decision to invest, and investors (which may include our personnel, affiliates and/or clients) who receive such additional information may be able to act on such additional information and redeem their investments potentially at higher values than other investors. Each investor is responsible for asking such questions that it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by us is sufficient for its needs.

We may provide the owners of other client accounts that we may manage with reports in such forms and at such times as such clients and we may agree.

The custodians of any separately managed accounts that we manage may send account statements to the owners of such accounts. In addition, since a managed account investor would directly own the positions in its separately managed account, such investor could have full, real-time transparency as to all transactions and holdings in such account and may be better able to assess the future prospects of a portfolio that is substantially similar to the portfolios of the private investment funds managed by us. The investors in such separately managed accounts may have the right to withdraw all or a portion of their capital from such managed accounts on shorter notice and/or with more frequency than the terms applicable to an investment in the private investment funds we manage.



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

Other than the circumstances described above in Item 12 – “Brokerage Practice”, we do not receive any economic benefits from non-clients in connection with the provision of investment advice or other advisory services to our clients.

If a client is introduced to us by a third-party solicitor, we and/or our affiliates may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 under the Advisers Act to the extent applicable. Any such referral fee will be paid solely by us or our affiliates and will not result in any additional charge to the client, unless the client agrees otherwise in its applicable written agreement with us.

#### **Item 15 – Custody**

Client funds and securities are maintained by qualified custodians to the extent required by Rule 206(4)-2 under the Advisers Act. However, for purposes of the Advisers Act, we may be deemed to have custody of certain client assets. The owners of any separately managed accounts over which we have custody will receive account statements from the custodians for such accounts and are urged to carefully review those statements. To the extent that such account owners were to also receive account statements from us (which currently is not expected), they are urged to compare those statements with the statements that they receive from their custodians.

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

We have discretionary authority to manage securities accounts on behalf of our clients. Clients give us this discretionary authority when they enter into a written agreement with us. The investors in the private investment funds managed by us generally may not place any limits on our authority beyond the limitations set forth in the offering and governing documents of such private investment funds.

On a case-by-case basis, clients other than the Leste Funds may negotiate certain risk and/or operating guidelines that we will adhere to when exercising our discretionary authority over such accounts.





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

We have the authority to vote proxies on behalf of clients that invest in securities for which proxies are issued. We may delegate the authority to vote proxies for certain client accounts to the extent provided in a written agreement with a particular client.

We are subject to proxy voting policies and procedures that are designed to ensure that in cases where we vote proxies with respect to client securities, such proxies are voted in the best interests of such clients, and that any material conflict of interest between our interests and the interests of our clients will be resolved in a manner that is consistent with the best interests of clients and in a manner not affected by such conflict of interest.

To the extent that we are authorized to vote proxies for a client account, invest in a security for a client account for which a proxy vote may arise and receive timely notice of such proxy from the client's custodian, we will be guided by general fiduciary principles and will seek to act in a manner intended to enhance the overall economic value of the applicable security.

In the absence of specific voting guidelines from the client or conflicts of interest, we will endeavor to vote all proxies in the best interests of each client, which may result in different voting results for proxies for the same issuer, depending on the securities in which our clients are invested, we may not frequently vote proxies. For example, we may refrain from voting a client proxy under certain circumstances, including, but not limited to, when (i) the economic effect on shareholder's interests or the value of the portfolio holding is indeterminable or insignificant; (ii) voting the proxy would unduly impair the investment management process; or (iii) the cost of voting the proxies outweighs the benefits or is otherwise impractical. In addition, we may abstain from voting a proxy on behalf of our clients' accounts due to (1) *de minimis* holdings; (2) *de minimis* impact on the portfolio; (3) contractual arrangements with clients; (4) their authorized delegates or the failure of a proxy to provide sufficient information to allow for informed decision making; and/or items relating to non-U.S. issuers (such as those described below).

We may refrain from voting a proxy of a non-U.S. and/or non-Brazilian issuer due to logistical considerations that may have a detrimental effect on our ability to vote the proxy. These issues may include, but are not limited to: (a) proxy statements and ballots being written in a foreign language; (b) untimely notice of a shareholder meeting; (c) requirements to vote proxies in person; (d) restrictions on non-U.S. person's ability to



exercise votes; (e) restrictions on the sale of securities for a period of time in proximity to the shareholder meeting (e.g., share blocking); or (f) requirements to provide local agents with power of attorney to facilitate the voting instructions.

We currently do not permit clients to direct our vote in a particular solicitation. We may enter into arrangements with clients or other investment managers pursuant to which such clients or managers have responsibility to vote proxies according to their own policies and procedures or wishes (such as in the event that we advise a separately managed account or act as a sub-adviser to a private investment fund managed by a third-party manager).

A client may obtain a copy of our proxy voting policy and procedures upon request, as well as information about how we voted the client's securities, by contacting us at the address on the cover page of this brochure.

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

Currently, there is no financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

#### **Item 19 – Requirements for State-Registered Advisers**

Not applicable.