

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

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**VR Advisory Services Ltd.**

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**This brochure provides information about the qualifications and business practices of VR Advisory Services Ltd. If you have any questions about the contents of this brochure, please contact us at +971 4 372 3400. 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 VR Advisory Services Ltd. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Material Changes

Part 2 of VR Advisory Services Ltd.'s Form ADV was last updated March 31, 2011. We do not believe that this revised version contains any material changes or updates since our last annual update. However, as noted below, investment by individuals in the private funds we manage are subject to more stringent net worth standards due to changes to the definition of "qualified clients" issued by the SEC in connection with implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act. We encourage everyone to read this Form ADV Part 2A in its entirety.

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### 1. Advisory Business

VR Advisory Services Ltd., founded in March 1999, is an investment services firm that provides investment management services to investors through pooled investment vehicles, or more specifically, hedge funds. Richard Deitz is the principal of VR Capital Participation Ltd., which is the parent of VR Advisory Services Ltd.

Currently, we provide investment management services by acting as the General Partner and investment adviser to two hedge funds, VR Global Partners, L.P. and VR Global Offshore Fund Ltd. VR Global Offshore Fund Ltd. has invested substantially all of its assets in VR Global Partners, L.P, which is the "master fund" in a master-feeder structure with an actively-traded portfolio of assets. On behalf of these "clients", we research, evaluate and execute investments in all kinds of assets including debt and equity securities and derivatives in accordance with the investment strategy set forth in the Private Placement Memorandums.

We do not modify our securities recommendations to our clients according to the particular interests of our clients' underlying investors, nor do we allow investors to place restrictions on the trading we conduct for our clients.

We do not participate in any wrap fee programs.

As of February 29, 2012, VR Advisory Services Ltd. managed \$1,565,308,237 in client assets on a discretionary basis. We do not manage any client assets on a non-discretionary basis.

## **2. Fees and Compensation**

Our firm receives compensation from our clients based both on the percentage of assets we manage and on performance achieved for our clients' accounts. We charge our clients an asset-based management fee based upon the net asset value equal to 1.5% per annum of each investor's capital account.

We also charge a performance-based profit allocation equal to 20% of each investor's annual net realized and unrealized profits subject to a "loss carry forward" or "high water mark" limitation. This means that we only receive a performance profit allocation when an investor's account value for the year has recovered any losses from all prior years.

Our fees are not negotiable.

We accrue asset-based management fees described above from each investor's capital account each month and deduct such fees quarterly from investors' accounts. We accrue the performance-based compensation mentioned above from each investor's capital account monthly, if applicable, and take these fees at the end of each year or whenever an investor is making a withdrawal, but only on the withdrawn amount.

In connection with our advisory services, our clients, and consequently the investors in our clients, bear all of client-related organizational and operational expenses, including:

- legal fees and annual registration fees;
- costs of any litigation or investigation involving our clients' activities;
- accounting costs (including tax preparation and audit expenses);
- fund administration costs;
- insurance;
- costs associated with reporting and providing information to existing and potential investors;
- any governmental fees imposed on our clients; and

- withholding and/or transfer taxes.

Our clients, and consequently investors in our clients, also bear all expenses related to their investment activity, such as:

- proxy expenses;
- interest and commitment fees on loans and debit balances;
- borrowing charges on securities sold short;
- custodial fees;
- brokerage commissions;
- trade processing fees (including clearing and settlement charges),
- travel expenses related to research;
- research fees and materials (including online news and quotation services);
- costs of any outside appraisers, accountants, attorneys or other experts or consultants engaged in connection with specific transactions;
- bank charges; and
- other ordinary miscellaneous research and trade-related expenses.

For more information on brokerage transactions and costs, please see Section 9: Brokerage Practices.

Investors in our clients are only allowed to withdraw capital at the end of each quarter. Accordingly, we will not charge or deduct fees from an investor's account for any period beyond a withdrawal date and, therefore, there will be no situation in which we may owe an investor a refund of any fees paid in advance.

Neither our firm nor any of our employees receives any transaction-based compensation for the sale of securities or other investment products, including charges or fees from the sale of mutual funds.

### **3. Performance-Based Fees and Side-By-Side Management**

As explained above in Section 2, we receive a performance-based fee in the form of a profit allocation from investors in the hedge funds that we manage.

Since each of the clients is subject to the same fee structure, we have no incentive to focus our efforts on accounts from which we receive performance-based compensation to the detriment of management fee only accounts.

#### **4. Types of Clients**

VR Advisory Services Ltd. provides investment advice to pooled investment vehicles, or hedge funds. The underlying investors in these funds are typically:

- Individuals;
- Trusts and estates; and
- Corporations, partnerships or other business entities.

##### Investment Requirements

To invest in either in VR Global Partners, L.P. or VR Global Offshore Fund Ltd., we generally require a minimum investment of \$1,000,000, although at times we may waive this requirement.

We require that U.S. investors in the funds qualify as both accredited investors and qualified clients. Accredited investors are generally (i) individuals with \$1,000,000 of net worth (excluding their primary residence) or who have made \$200,000 in each of the two previous years (or \$300,000 joint income with one's spouse) or (ii) entities with assets totaling over \$5,000,000. Qualified clients are individuals or entities with over \$2,000,000 of net worth, excluding primary residence in the case of individuals who are investors or who invest through an entity established for the purpose of such investments.

This firm brochure is not an offer to invest in our clients.

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

##### Methods of Analysis and Investment Strategies

On behalf of our client hedge funds, we invest in a range of strategies encompassing value-oriented, relative value and arbitrage-oriented investment theses. These investment strategies include distressed securities, special situations, absolute and relative value debt and equity, local currency and local interest rate absolute and relative value and private securities.

Historically, our greatest emphasis has been on distressed debt securities in emerging markets. While the degree of emphasis on distressed debt securities in our investment strategy at any given time will be a function of our estimation of the attractiveness of opportunities within the full range of strategies that we pursue, we believe as a general matter that distressed emerging markets debt often enjoys very favorable investment

characteristics. By focusing on debt that is trading at distressed levels, we attempt to identify situations in which claims can be purchased at a significant discount to their realizable value. In many respects, this approach bears significant similarities to a value investing approach used by certain equity investors.

Our general method of analysis of distressed securities begins with fundamental research into the particular issue. This fundamental research has three elements: 1) issuer fundamentals, 2) legal structure and creditors' rights, and 3) restructuring analysis, as outlined below:

- 1) *Issuer Fundamentals:* We attempt to determine the issuer's ability and willingness to service its obligations by considering questions such as: Does the issuer have a viable business model? Is the issuer generating sufficient cash flow for operating needs and/or debt servicing? Would the issuer take a business-like approach to negotiating with creditors if it could not service the instrument? What motivates the issuer to continue servicing the instrument? Is the issuer undertaking a debt buyback? Under what conditions would a buyback be contemplated? Is the issuer's business subject to political shifts or politically motivated interference? We research these issues through a variety of sources. Issuer visits and ongoing dialogue with issuers provide a direct source of information. In addition, we may attempt to seek out corroborating information by contacting suppliers, customers, contractors, bankers and others who routinely interact with issuers. We also maintain a wide range of contacts with government officials in ministries of finance, central banks and other relevant agencies in many emerging market countries; similar relationships are maintained with multilateral institutions such as the IMF and the World Bank. We maintain contacts with think tanks and independent analysts and economists throughout our regions of focus. Various banks and brokers provide additional research and assist in contacts with issuers.
- 2) *Legal Structure and Creditor's Rights:* We examine the legal documents for securities or loans we consider for investment by the client-funds we manage. In the examination process, an analysis is made of the actual and perceived seniority of the claim. We analyze the remedies available in the event of default. We pay special attention to such issues as: jurisdiction of governing law, enforceability of judgments, rights of set-off, ability to attach assets of the issuer and the practical ability of a debt holder to disrupt business as usual for the issuer. We make use of both western and local legal counsel where appropriate in undertaking this analysis. We will also typically contact the issuer to determine whether the issuer agrees with our legal analysis.
- 3) *Restructuring Analysis:* We model various restructuring scenarios for the debt and make an assessment as to the probabilities of various outcomes. Various return characteristics are evaluated such as yield to expected worst case, yield to anticipated outcome and yield to maturity. Particular attention is paid to the timing of cash flows from the instrument using benchmarks such as breakevens and payback periods. We focus heavily on worst case analyses and seek

investments in which asset prices have fallen to levels below their value even in worst case restructuring outcomes.

In the case of certain defaulted debts, we may contact the issuer, debtors of the issuer and trading firms and customers of the issuer to explore opportunities to bilaterally negotiate offsets, swaps or buybacks. Where our client-funds purchase debt with the intention of entering into such an arrangement, we will, as a general rule, seek to gain a high level of comfort that it will be able to complete a transaction prior to committing a fund's capital to the instrument.

Complementing our fundamental research of distressed debt instruments, we maintain close contact with securities dealers in the major financial centers and in local markets. We have access to the research and execution of the major brokerage houses as well as smaller, boutique firms specializing in emerging markets and distressed debts. We closely monitor transaction flow in these markets in order to gauge overall market liquidity and to source and unwind positions. Our principal, Richard Deitz, and other senior portfolio managers have significant experience in executing trades in emerging market debt instruments.

While our investment strategy with regard to distressed securities is primarily geared towards debt instruments, we will tend to take a broad view of distressed investing. As a consequence, investments may be made in other elements of an issuer's capital structure including convertible bonds, equities and warrants. Further, investments may be made in securities that would not be considered distressed. We may engage in short-selling and use derivative instruments for hedging or speculative purposes.

The foregoing description is general and is not intended to be exhaustive.

#### Risk of Loss

Our management of our client-funds trading activities requires the exercise of our judgment. There is no assurance that our advice and methods will result in profitable trading or avoid losses, and investors in our clients should be prepared to bear losses, including the potential loss of their entire investment.

The following explanation of certain risks associated with an investment in our clients is not exhaustive, but rather highlights some of the more significant risks. The risk factors associated with an investment in each of our clients is set forth in greater detail in the Private Offering Memorandum for that fund, which is sent to prospective investors in the fund. Prospective investors should read and consider the risk factors set forth in the Private Offering Memorandum prior to an investment in either fund.

Certain general risks associated with any investment in our clients include:

*Investment Judgment and Market Risk:* The success of our investment programs depends, in large part, on our correctly evaluating future price movements of potential

investments. We cannot guarantee that we will be able to predict accurately these price movements and that our investment programs will be successful.

*Investment and Trading Risk Generally:* Investments in securities and other financial instruments involve a degree of risk that the entire investment may be lost. The use of short sales and option trading can, in certain circumstances, substantially increase the impact of unfavorable price movements on our clients' investments. Also, changes in the general level of interest rates may negatively affect our clients' results.

*Dependence on Key Employee:* The investment performance of our client funds will be substantially dependent on the services of Richard Deitz. In the event of the death, disability, or departure of Richard Deitz, the value of investors' investments in the funds may be adversely affected by the absence of the skills and experience provided by Mr. Deitz in the management of the funds and its investment portfolio.

*No Current Income.* Since the funds do not anticipate paying distributions, an investment in the funds will not be suitable for investors seeking current income.

*Illiquidity of Investments.* The investments made by the funds may be very illiquid, and consequently a fund may not be able to sell such investments at prices that reflect our assessment of their value or the amount paid for such investments by the fund. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the fund and other factors.

*Trading and Investment Activities Not Restricted.* The funds we advise are not restricted to any material extent with respect to the trading and investment activities in which they may engage. Hence, it is literally impossible to predict all of the various risks which our clients may encounter in its pursuit of trading and investment opportunities.

*Recent Developments in the Financial Services Industry.* Recent developments in the U.S. financial markets illustrate that the current environment is one of extraordinary and possibly unprecedented uncertainty for the financial services industry. These developments have heightened the risks associated with the investment activities and operations of hedge funds, including without limitation, those resulting from a substantial reduction in the availability of credit and the increased cost of short-term credit, a decrease in market liquidity and an increased risk of insolvency of prime brokers and other counterparties. In addition, in July of 2010, the Dodd-Frank Financial Reform Act was passed which imposes many new requirements and restrictions on the financial services industry that may likely affect the business, operations and performance of hedge funds, such as increased reporting requirements, limitations on certain trading activity and regulatory oversight by different agencies, such as the newly created Financial Stability Oversight Counsel. Even with the passage of the Dodd-Frank Act, the implications of its passage for the hedge fund industry as a whole still remain somewhat unclear. The hedge fund industry may continue to be adversely affected by the recent developments in the financial markets in the U.S. and abroad, and any future legal, regulatory, or governmental action and developments in such financial markets and the



broader U.S. economy could have an adverse effect on the Fund's business, operations and performance.

The following is a description of the various strategies that we use in advising our clients and some important risks associated with each strategy:

*Use of Swaps and Other Derivatives.* We may make use of derivative instruments, or "derivatives," which include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, commodity, currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to risks associated with the counterparties with whom the funds enter into contracts for the purpose of making derivative investments. In the event of the counterparty's default, the fund will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive. Some of the derivative contracts used by us may be privately negotiated in the over-the-counter market. These transactions may involve significant transaction costs.

*Options.* We may invest in call and/or put options on behalf of our clients. There are risks associated with the sale and purchase of options. Call options are the right to buy a security at a certain price within a defined time period. Put options are the right to sell a security at a certain price within a defined time period. A buyer of either type of option assumes the risk of losing its entire investment in the option. A buyer of a call option risks losing its investment if the particular security never reaches the designated price within the set time period. A buyer of a put option risks losing its investment if the security that is subject to the option does not decline below the designated price within the set time period.

*Forward Contracts.* The funds may trade forward contracts in the interbank currency market. Forward contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. Trading in forward contracts is not regulated by any banking authority or other government agency. In addition, there is no limitation on the daily price movements of forward contracts. Principals in the forward markets have no obligation to continue to make markets in the forward contracts traded. The imposition of credit controls by governmental authorities might limit forward trading to

less than that which we would otherwise recommend, to the possible detriment of our client funds.

*Short Sales.* A fund may enter into transactions, known as “short sales,” in which it sells a security it does not own in anticipation of a decline in the market value of the security. Short sales by a fund that are not made “against the box” theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. A fund may mitigate losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, a fund might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

*Equities and Restricted Securities.* A fund may from time to time purchase equities or restricted securities as part of its investment program. Equities invested in by a fund may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. There are no absolute restrictions in regard to the size or operating experience of the companies in which a fund may invest. In addition, relatively small companies in which the funds may invest may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth and companies with new products or services could sustain significant losses if projected markets do not materialize. Restricted securities owned by a fund may involve special registration risks, liabilities and costs, and valuation difficulties.

*Synthetic Securities.* A fund may purchase “synthetic securities” in order to execute an investment strategy that would be impossible, difficult or inefficient to execute by purchasing separate securities due to complexity, transaction cost, lack of availability or regulatory reasons. In addition to credit risks associated with holding non-investment grade loans and high yield debt securities, a fund buying synthetic securities will usually have a contractual relationship only with the counterparty of the synthetic securities and not the Reference Obligor (as defined below) on the Reference Obligation (as defined below). The fund generally will have no right to directly enforce compliance by the Reference Obligor with the terms of the Reference Obligation nor any rights of set-off against the Reference Obligor, nor have any voting rights with respect to the Reference Obligation. The fund will not benefit directly from the collateral supporting the Reference Obligation or have the benefit of the remedies that would normally be available to a holder of such Reference Obligation. In addition, in the event of insolvency of the counterparty the fund will be treated as a general creditor of such counterparty and will not have any claim with respect to the credit risk of the counterparty as well as that of the Reference Obligor. As a result, concentrations of synthetic securities in any one counterparty subject the fund to an additional degree of risk with respect to defaults by such counterparty as well as by the Reference Obligor. We may not perform independent credit analyses of the counterparties, any such counterparty, or an entity guaranteeing such counterparty, individually or in the aggregate. A “Reference Obligor” is the obligor

on a Reference Obligation. A “Reference Obligation” is the debt security or other obligation upon which the synthetic security is based.

*Spread Trading Risks.* A portion of a fund’s trading operations may involve spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These positions do, however, entail a substantial risk that the price differential could change unfavorably, causing a loss to the spread position.

*Arbitrage Trading.* A portion of a fund’s trading operations may involve arbitraging between the cash and derivatives markets in financial instruments. This means that the fund will purchase (or sell) financial instruments in cash markets (*i.e.*, on a current basis) and take offsetting positions in the futures or other derivative market in the same or related financial instruments. These offsetting positions are subject to the same risk of adverse price differentials outlined under “Spread Trading Risks” above.

*Analysis of Troubled, Distressed or Bankrupt Companies.* The funds invests in securities of issuers that are troubled, in distress or bankrupt. As such, they are subject to a multitude of legal, industry, market, environment and governmental forces that make analysis of these companies securities inherently uncertain. Further, we may rely on company management, outside experts, market participants and personal experience to analyze potential investments for the funds. There can be no assurance that any of these sources will prove credible or that the resultant analysis will produce accurate conclusions.

*Bank Loans and Participations.* We may invest a significant portion of a fund's assets in bank loans and participations. The special risks associated with these obligations include (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) so-called lender-liability claims by the issuer of the obligations, (iii) environmental liabilities that may arise with respect to collateral securing the obligations and (iv) limitations on the ability of the fund to directly enforce its rights with respect to participations. We weight the magnitude of these risks against the potential investment gain prior to entering into each these investment. Successful claims by third parties arising from these and other risks, absent bad faith, will be borne by the funds, and ultimately the investors in the funds.

*Nature of Reorganization Proceedings.* Our strategy of investing in distressed and bankrupt companies may involve the funds in reorganization proceedings, which typically entail a number of risks that do not normally apply to investments in financially sound companies. For example, our evaluation of the anticipated outcome of a reorganization or the timing of the outcome should prove incorrect, a fund could experience losses. A wide variety of considerations make any evaluation of the outcome of an investment in such a company uncertain. Considerations include, for example, the possibility of litigation between the participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others. The uncertainties inherent in evaluating these investments may be increased by legal and practical considerations which limit our

access to reliable and timely information concerning material developments affecting a company or which cause lengthy delays in the completion of a reorganization or liquidation proceeding. Competition from other investors may also render it difficult or impossible for us to achieve intended results or promptly effect transactions.

*Interest Rate Risk.* A substantial portion of the funds' portfolios will be invested in fixed income securities. The price of most fixed-income securities moves in the opposite direction of the change in interest rates. For example, as interest rates rise, the price of fixed-income securities falls. If a fund holds a fixed-income security to maturity, the change in its price before maturity will have little impact on the fund's performance; however, if a fund has to sell the fixed-income security before the maturity date, an increase in interest rates will result in a loss to the fund.

*Inflation Risk.* Investments in fixed income securities will also be subject to inflation risk. Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if a fund purchases a 5 year bond in which it can realize a coupon rate of 5 percent (5%), but the rate of inflation is 6 percent (6%), then the purchasing power of the cash flow has declined. For all but adjustable bonds or floating rate bonds, the funds are exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

*Currency, Convertibility and Exchange Rates.* A significant portion of a fund's assets may be invested in securities denominated in currencies other than U.S. dollars. The value of these and the income from them, as measured in U.S. dollars, may be affected by fluctuations in currency rates (which may include significant devaluations, as against the U.S. dollar), and uncertainties such as changes in the policies regarding foreign investment, taxation and restrictions on currency conversion and repatriation, and other developments in the laws and regulations of the economies in which the funds will invest.

We may attempt to mitigate the risks associated with currency fluctuations by entering into forward, futures and options contracts to purchase or sell the currency of denomination of any investment held by a fund and any other currencies held by that fund to the extent these contracts are available on terms which we deem acceptable for the fund. However, we are not required to do so.

*Foreign Investments.* Our historical focus on investing in foreign securities involves certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the funds are maintained) and the various foreign currencies in which a fund's portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision

and regulation; (iii) political, social or economic instability; and (iv) differences in legal protections and access to legal recourse for investors.

*Emerging Market Investing.* A fund's investment program has a strong orientation towards distressed sovereign, sub-sovereign and corporate debt securities and loans of issuers in emerging market countries. The value of emerging market debt instruments may be drastically affected by political developments in the country of issuance. In addition, the existing governments in the relevant countries could take actions that could have a negative impact on a fund, including nationalization, expropriation, imposition of confiscatory taxation or regulation or imposition of withholding taxes on interest payments.

The economies of many emerging market countries are still in the early stages of development and are subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. Also, many emerging market country economies have a high dependence on a small group of markets or even a single market.

Many emerging market countries lack a strong infrastructure. Telecommunications may be poor, and banks and other financial systems are not well developed or well regulated. Many countries have a limited supply of domestic savings, and businesses can experience difficulty in obtaining working capital. They may also have considerable external debt, which affects the proper function of their economies with a corresponding adverse impact on the performance of their markets. The frequent lack of a fair and economically-rational tax regime presents the attendant risk of sudden imposition of arbitrary or onerous taxes, which could adversely affect foreign investors.

Emerging market countries tend to have periods of high inflation and high interest rates as well as substantial volatility in interest rates. The value of emerging market debt can be expected to be extremely sensitive to changes in interest rates worldwide and, in particular, in the country of the relevant issuer.

Emerging market debt issuers and their obligations are frequently not rated by any credit rating agency, and a significant proportion of these issuers and obligations would likely fall into the lowest rating categories if they were rated. A fund's investments may be composed primarily of emerging market debt instruments that would be the equivalent of high yield "junk bonds" in the U.S. market.

In certain cases, the structures used to make trades in emerging market securities may be complex, entail significant counterparty exposure and/or be subject to legal and regulatory uncertainty under local law, even if the structures are commonly utilized in these jurisdictions.

Accounting, auditing and financial reporting standards in emerging market countries are generally not equivalent to those applicable in more developed countries and in some countries may be of virtually no assistance to an investor. The availability, quality and reliability of corporate information and equity research (including official data) is likely to be lower than that in respect of investments in developed markets. Obligations on companies in emerging markets to publish financial information may also be limited.

Foreign investment in the emerging market countries is in some cases restricted. Many of these countries have non-convertible currencies and the value of investments may be affected by fluctuation in available currency rates and exchange control regulations. The remission of profits or sale proceeds from certain investments may therefore be restricted, and a fund may need to utilize swaps and other indirect investment techniques to access markets and remit profits. Moreover, the banking systems in these countries are not as developed as their Western counterparts and considerable delays may occur in the transfer of funds within, and the remittance of monies out of, these countries.

Laws in certain emerging market countries regulating creditors' rights and corporate governance of domestic companies may not exist or may confer little protection on creditors. Disclosure and reporting requirements in general, from annual and quarterly reports to prospectus contents and delivery requirements, range from minimal to non-existent. Anti-fraud and anti-insider trading legislation is generally rudimentary. There may be no prohibitions or restrictions under local laws on the ability of management to terminate existing business operations, sell or otherwise dispose of company assets or otherwise undertake actions that may have a material adverse impact on the value of a fund. There is generally no concept of any fiduciary duty on the part of the management or the directors to the funds or the shareholders as a whole. Redress for violations of creditors' rights may be difficult in the absence of a properly functioning system of jurisprudence and many judicial concepts common to developed markets may be non-existent.

There are certain risks associated with the fact that there is a history of retroactive application of tax and other laws and regulations in many emerging markets. These risks include: (i) the risk that tax and other laws and regulations in many emerging markets are poorly drafted, highly interpretative and may be unpublished or not widely distributed, (ii) that the tax treatment of gains and losses on derivative contracts and other investments may not yet be developed and (iii) that enforcement of tax and other laws may be unpredictable and arbitrary.

*Securities Markets in Emerging Market Countries.* A fund may purchase and sell securities through the facilities of securities exchanges and markets located in emerging markets and may be required to effect such transactions through an account with a securities broker that is a member of these securities exchanges. Securities exchanges and their member firms are not generally subject to any significant level of regulation. There can also be no assurance that the rules as may apply will be enforced at all or in a non-arbitrary manner. Clearing and settlement procedures on exchanges located in emerging market countries may be quite different from the procedures applicable in more developed countries, and it is possible that the procedures may lead to delays in settling transactions. Delays could cause a fund to miss profit opportunities or to incur losses. In addition, it is possible that clearing and settlement mechanisms could fail or brokerage firms could fail, causing losses to a fund. Regulations regarding the custody of securities and the enforcement of regulations may be lax. Costs for transactions on emerging markets are generally higher (possibly significantly higher) than comparable costs on developed markets and might also include the cost of obtaining a foreign currency.

## **6. Disciplinary Information**

Neither our firm, nor any of our directors, officers or principals has been the defendant, accused or subject of any criminal or civil actions in a domestic, foreign or military court.

Neither our firm, nor any of our directors, officers or principals has been the named the subject or target of any administrative proceedings before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

Neither our firm, nor any of our directors, officers or principals has been the subject or target of any self-regulatory organization proceedings.

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

Neither our firm, nor any of our directors, officers or principals is registered as a broker-dealer or a representative of a broker-dealer or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither our firm nor any of our directors, officers or principals is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of any of the above.

We do not recommend or select other investment advisers for our clients. However, the funds we advise may occasionally invest in other pooled investment vehicles when other means to gain exposure to a particular investment is limited and/or such structure offers a material discount to other means of gaining such exposure. In such instances, the fund's investment in such vehicle may be subject to additional fees charged by advisors to the vehicle, although we would not receive any separate compensation for such investment.

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

We have adopted a Code of Ethics in accordance with the Securities and Exchange Commission requirements. Our Code of Ethics works to ensure that our employees' securities transactions are consistent with our firm's fiduciary duty to our clients. In brief, it requires that all personal trades by firm employees (with limited exceptions for government securities, money market and mutual funds and transactions resulting from corporate restructurings) undergo a pre-approval compliance review that screens for any potential conflict of interest between the employee and our clients that may arise from the transaction. It also prohibits our employees from trading in a security while in possession of material, nonpublic information regarding that security. Our Code of Ethics is available to our client or any investor or potential investor in our client upon request.

Employees of our firm do not recommend securities to our clients, nor do they buy or sell for our clients' accounts, securities in which we, they or our affiliates have a material financial interest.

Our affiliates and employees may on occasion buy or sell the same securities (or related securities or instruments, e.g., warrants, options, futures and other derivatives) for their own account that we buy or sell for our clients' accounts. Our affiliates and employees may make these transactions at or about the same time as we buy or sell the securities for our clients' accounts. We believe that when our affiliates or employees make the same investment with their own funds as those we execute on behalf of our clients this confirms their belief in the investment strategies that we employ on behalf of our clients. Nevertheless, we recognize these transactions may create a conflict of interest between the affiliate or employee and our clients, particularly when liquidity in the security or instrument is limited. Therefore, we restrict the trading activity of our employees to ensure that "the client comes first" and that employee trading will not affect the clients' ability to conclude similar transactions at the best price otherwise available.

## **9. Brokerage Practices**

We have complete investment and brokerage discretion over our clients' accounts. We select broker-dealers for our clients' securities transactions and determine the reasonableness of their compensation based on a number of factors, including the following:

- the financial strength, integrity and stability of the broker-dealer;
- the ability to effect prompt and reliable executions at favorable prices (including the applicable broker-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 broker-dealer's risk in positioning a block of securities; and
- the competitiveness of commission rates in comparison with other broker-dealers satisfying our other selection criteria.

We do not utilize research or other soft dollar benefits, nor do we consider referrals in selecting or recommending broker-dealers.

Our firm does not recommend, request or require that our clients or any investor in our clients, direct us to execute transactions through a specified broker-dealer. We do not permit our clients or any investor in our clients to direct us to execute transactions through a specified broker-dealer.

We currently advise only one client with an active trading portfolio, VR Global Partners, L.P. Our other current client, VR Global Offshore Fund Ltd. is the feeder fund to VR



Global Partners, L.P. and does not actively trade its own portfolio. Therefore, we do not have a reason to aggregate trades or to allocate trades among clients.

## **10. Review of Accounts**

Richard Deitz, principal and director, reviews VR Global Partners, L.P.'s account generally on a daily basis to ensure that the assets in its portfolio, including cash, are sold and reallocated in a regular and timely manner.

Goldman Sachs Administration Services provides our clients' investors with monthly statements that contain information about each investor's account as well as a quarterly transparency report that confirms to investors that Goldman Sachs Administration Services has received verification from independent sources regarding the existence of assets held by the master fund and their market value, and the extent to which such verification has not been received. We provide the investors in our clients with monthly investor letters that contain a review of our clients' performance and provide summary portfolio statistics for the relevant month, and we host quarterly investor conference calls to review the performance of the relevant quarter. All of this information may be found in the investor area of the firm's website ([www.vr-capital.com](http://www.vr-capital.com)). We also furnish our clients' investors with annual audited financial statements and annual tax information (K-1) to assist U.S. investors in completing their tax returns.

## **11. Client Referrals and Other Compensation**

Our firm does not, nor do any principals or employees of our firm, receive any economic benefit from non-clients for providing advisory services to our client.

Our firm does not, nor do any principals or employees of our firm, compensate anyone or any organization for client referrals.

## **12. Custody**

While it is our firm's practice not to accept or maintain physical possession of our client's assets, we are deemed to have custody of its assets under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, because we have the authority to access our clients' funds and deduct fees and expenses from client accounts.

In order to comply with Rule 206(4)-2, we utilize the services of qualified custodians (as defined under Rule 206(4)-2), to hold our clients' assets. This applies to all of our clients' assets, other than when use of a qualified custodian is not required in accordance with an exemption under Rule 206(4)-2. In accordance with Rule 206(4)-2, we also (1) engage an outside auditor to audit our clients at the end of each fiscal year and (2) distribute the results of the audit in audited financial statements that are prepared in accordance with U.S. generally accepted accounting principles to all investors in our clients within 120 days after the end of the fiscal year. Finally, we receive monthly

account statements from our qualified custodians on behalf of our clients, which we compare with our own records.

### **13. Investment Discretion**

#### Scope of Authority

Our firm accepts discretionary authority to manage our clients' securities accounts. Essentially, this means that we have the authority to determine, without obtaining specific consent from our clients or its underlying investors, which securities to buy or sell and the amount of securities to buy or sell. Despite this broad authority, we are committed to adhering to the investment strategy and program set forth in our clients' Private Placement Memorandums. Richard Deitz, our principal and director, reviews our clients' accounts regularly to ensure that we are observing our clients' investment strategy and objective.

#### Procedures for Assuming Authority

Before accepting their subscriptions for interests, we provide all potential investors in our clients with the appropriate Private Placement Memorandum that sets forth, in detail, our investment strategy and program. By completing our clients' subscription documents to acquire an interest VR Global Partners, L.P. or VR Global Offshore Fund Ltd., investors give us complete authority to manage their investments in accordance with the Private Placement Memorandum they received.

### **14. Voting Client Securities**

Our firm has the authority to vote proxies on behalf of our clients. It is our policy to attempt to vote all proxies and to do so in accordance with the goal of maximizing the long-term value of our clients' investments.

If any conflict of interest arises in connection with voting for either of our clients' securities, this conflict is alerted to our Chief Compliance Officer and reasoned confirmation must be provided that the securities will be voted in the clients' best interest.

Neither our clients, nor investors in our clients, can direct us to vote client proxies in a certain manner. Upon request, our clients' investors can obtain (1) a copy of our proxy voting policies and procedures and (2) information concerning proxy votes on our clients' behalf.

We maintain the following records relating to proxy voting in our office:

- Copies of our proxy voting policies and procedures and any amendments;
- Proxy statements received for client securities; and

- Records of proxy votes cast on behalf of our clients.

We receive all of our clients' proxies and similar solicitations, and we have the authority to vote our clients' proxies.

## **15. Financial Information**

We do not require nor do we solicit prepayment of fees from clients or investors in our clients.

We are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our client.

VR Advisory Services Ltd. has never been the subject of a bankruptcy petition.



**Part 2B of Form ADV**

**VR Advisory Services Ltd.**

Dubai International Finance Center  
Gate Village, Building 4, Suite 402  
P.O. Box 506755, Dubai, UAE  
Telephone: +971 4 372 3400

**Brochure Supplement for Supervised Person**

**Richard Deitz**

VR Advisory Services Ltd.  
c/o VRG Investments Ltd.  
Aurora Business Center  
82/2 Sadovnicheskaya Street  
Moscow 115035 Russia  
Telephone: +7 495 787 8181

March 30, 2012

**This brochure supplement provides information about Richard Deitz that supplements the VR Advisory Services Ltd. (“VRASL”) brochure. You should have received a copy of that brochure.**

**Please contact Ashok Raju, Managing Director – Investor Relations & Business Development, at + 1 646 571 1870 if you did not receive VR Advisory Services Ltd.’s brochure or if you have any questions about the contents of this supplement.**

## **1. Educational Background and Business Experience**

**Richard Deitz** was born in 1965 and is the founder and a director of VRASL. He serves as the Fund Manager and is a member of the Valuation Committee. Prior to founding VRASL in March, 1999, Mr. Deitz worked as managing director and head of fixed income trading at Renaissance Capital Group, a Moscow based investment bank. Mr. Deitz was a founding partner of Renaissance in April, 1995. He received B.A. degrees, magna cum laude, in both history and economics from Yale University in May, 1987.

## **2. Disciplinary Information**

Mr. Deitz has not been, and is not currently, the subject of any material disciplinary actions.

## **3. Other Business Activities**

Mr. Deitz is not actively engaged in an outside investment-related business or occupation.

Mr. Deitz is not actively engaged in any other outside business or occupation for compensation.

## **4. Additional Compensation**

Mr. Deitz does not receive any economic benefits for providing advisory services to persons who are not our clients or investors in our clients.

## **5. Supervision**

As the Fund Manager of the investment advisor, Richard Deitz supervises the activity of all supervised persons on a day-to-day basis. Such supervision includes review and pre-approval of all material trading and hedging strategies and pre-approval of certain individual material trades executed by other supervised persons. Mr. Deitz also reviews regularly all portfolio and cash positions of our client funds, usually on a daily basis.

All supervised persons, including Mr. Deitz, are responsible for carrying out their activity on behalf of clients in accordance with our Compliance Manual, Code of Ethics and other policies and procedures. Our Chief Compliance Officer (Peter Clateman, +7 495 787 8181) is responsible for supervising compliance by all supervised persons with these the policies and procedures.



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**Brochure Supplement for Supervised Person**

**Andrey Pavlichenkov**

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Telephone: +7 495 787 8181

March 30, 2012

**This brochure supplement provides information about Andrey Pavlichenkov that supplements the VR Advisory Services Ltd. (“VRASL”) brochure. You should have received a copy of that brochure.**

**Please contact Ashok Raju, Managing Director – Investor Relations & Business Development, at + 1 646 571 1870 if you did not receive VR Advisory Services Ltd.’s brochure or if you have any questions about the contents of this supplement.**

## **1. Educational Background and Business Experience**

**Andrei Pavlichenkov** was born in 1976 and is a senior portfolio manager with the firm. He also serves on the Valuation Committee. Mr. Pavlichenkov has been associated with the firm since June, 2001. Mr. Pavlichenkov earned a B.Sc. in mathematics from Wake Forest University (North Carolina) in June, 1997, and an M.Sc. in finance, economics and econometrics from City University Business School (London) in September, 2000.

## **2. Disciplinary Information**

Mr. Pavlichenkov has not been, and is not currently, the subject of any material disciplinary actions.

## **3. Other Business Activities**

Mr. Pavlichenkov is not actively engaged in an outside investment-related business or occupation.

Mr. Pavlichenkov is not actively engaged in any other outside business or occupation for compensation.

## **4. Additional Compensation**

Mr. Pavlichenkov does not receive any economic benefits for providing advisory services to persons who are not our clients or investors in our clients.

## **5. Supervision**

As the Fund Manager of the investment advisor, Richard Deitz supervises the activity of Mr. Pavlichenkov and our other supervised persons on a day-to-day basis. Such supervision includes review and pre-approval of all material trading and hedging strategies and pre-approval of certain individual material trades executed by other supervised persons. Mr. Deitz also reviews regularly all portfolio and cash positions of our client funds, usually on a daily basis.

All supervised persons, including Mr. Pavlichenkov, are responsible for carrying out their activity on behalf of clients in accordance with our Compliance Manual, Code of Ethics and other policies and procedures. Our Chief Compliance Officer (Peter Clateman, +7 495 787 8181) is responsible for supervising compliance by all supervised persons with these the policies and procedures.



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**Brochure Supplement for Supervised Person**

**Oleg Obrezkov**

VR Advisory Services Ltd.

c/o VRG Investments Ltd.

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Moscow 115035 Russia

Telephone: +7 495 787 8181

March 30, 2012

**This brochure supplement provides information about Oleg Obrezkov that supplements the VR Advisory Services Ltd. (“VRASL”) brochure. You should have received a copy of that brochure.**

**Please contact Ashok Raju, Managing Director – Investor Relations & Business Development, at + 1 646 571 1870 if you did not receive VR Advisory Services Ltd.’s brochure or if you have any questions about the contents of this supplement.**



## **1. Educational Background and Business Experience**

**Oleg Obrezkov** was born in 1981 and has been a portfolio manager since January, 2005, and focuses on strategies in developed markets, derivative instruments and risk analysis. He worked formerly as a research analyst in the macroeconomics department of the Institute for Open Economy (Moscow). He received an M.Sc. with honors in mathematics from Moscow State University in June, 2002, an M.A. in economics with a specialization in finance, summa cum laude, from the New Economic School (Moscow) in July, 2004, and a Ph.D. in mathematics from Moscow State University in 2005.

## **2. Disciplinary Information**

Mr. Obrezkov has not been, and is not currently, the subject of any material disciplinary actions.

## **3. Other Business Activities**

Mr. Obrezkov is not actively engaged in an outside investment-related business or occupation.

Mr. Obrezkov is not actively engaged in any other outside business or occupation for compensation.

## **4. Additional Compensation**

Mr. Obrezkov does not receive any economic benefits for providing advisory services to persons who are not our clients or investors in our clients.

## **5. Supervision**

As the Fund Manager of the investment advisor, Richard Deitz supervises the activity of Mr. Obrezkov and our other supervised persons on a day-to-day basis. Such supervision includes review and pre-approval of all material trading and hedging strategies and pre-approval of certain individual material trades executed by other supervised persons. Mr. Deitz also reviews regularly all portfolio and cash positions of our client funds, usually on a daily basis.

All supervised persons, including Mr. Obrezkov, are responsible for carrying out their activity on behalf of clients in accordance with our Compliance Manual, Code of Ethics and other policies and procedures. Our Chief Compliance Officer (Peter Clateman, +7 495 787 8181) is responsible for supervising compliance by all supervised persons with these the policies and procedures.



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**Brochure Supplement for Supervised Person**

**David Thompson**

VR Advisory Services Ltd.  
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400 Madison Avenue, 15<sup>th</sup> Floor  
New York, NY 10017  
Telephone: +1 646 571 1870

March 30, 2012

**This brochure supplement provides information about David Thompson that supplements the VR Advisory Services Ltd. (“VRASL”) brochure. You should have received a copy of that brochure.**

**Please contact Ashok Raju, Managing Director – Investor Relations & Business Development, at + 1 646 571 1870 if you did not receive VR Advisory Services Ltd.’s brochure or if you have any questions about the contents of this supplement.**

## **1. Educational Background and Business Experience**

**David Thompson** was born in 1967 and joined VRASL as a senior portfolio manager in February, 2009, following a 20-year career at Credit Suisse. Mr. Thompson held a series of management roles at Credit Suisse, most recently having run Front Office Risk for the Fixed Income and Equities divisions of the investment bank. Prior to that, Mr. Thompson ran the CDO group and the Emerging Market Credit Derivative Desk and co-ran the RVA Fund, a hedge fund which concentrated on relative value and arbitrage. He earned his B.A. degree, summa cum laude, in mathematics and economics from Yale University in May, 1989.

## **2. Disciplinary Information**

Mr. Thompson has not been, and is not currently, the subject of any material disciplinary actions.

## **3. Other Business Activities**

Mr. Thompson is not actively engaged in an outside investment-related business or occupation.

Mr. Thompson is not actively engaged in any other outside business or occupation for compensation.

## **4. Additional Compensation**

Mr. Thompson does not receive any economic benefits for providing advisory services to persons who are not our clients or investors in our clients.

## **5. Supervision**

As the Fund Manager of the investment advisor, Richard Deitz supervises the activity of Mr. Thompson and our other supervised persons on a day-to-day basis. Such supervision includes review and pre-approval of all material trading and hedging strategies and pre-approval of certain individual material trades executed by other supervised persons. Mr. Deitz also reviews regularly all portfolio and cash positions of our client funds, usually on a daily basis.

All supervised persons, including Mr. Thompson, are responsible for carrying out their activity on behalf of clients in accordance with our Compliance Manual, Code of Ethics and other policies and procedures. Our Chief Compliance Officer (Peter Clateman, +7 495 787 8181) is responsible for supervising compliance by all supervised persons with these the policies and procedures.



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**Brochure Supplement for Supervised Person**

**Gustavo Palazzi**

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New York, NY 10036  
Telephone: +1 212 626 6801

March 30, 2012

**This brochure supplement provides information about Gustavo Palazzi that supplements the VR Advisory Services Ltd. (“VRASL”) brochure. You should have received a copy of that brochure.**

**Please contact Ashok Raju, Managing Director – Investor Relations & Business Development, at + 1 646 571 1870 if you did not receive VR Advisory Services Ltd.’s brochure or if you have any questions about the contents of this supplement.**

## **1. Educational Background and Business Experience**

**Gustavo Palazzi** was born in 1971 and has been a portfolio manager with the firm since 2002. Mr. Palazzi conducts investment research related to Argentina and Latin America. A native of Buenos Aires, Mr. Palazzi previously worked in the investment planning and commercial areas of Bidas (now PanAmerican Energy), an Argentine oil and gas company, and Alto Parana, a major forest products company in Argentina. Mr. Palazzi graduated from Buenos Aires Institute of Technology, where he earned a B.Sc. in oil and gas economics in 1996. Mr. Palazzi earned an MBA from the Wharton School of Business in May, 2002.

## **2. Disciplinary Information**

Mr. Palazzi has not been, and is not currently, the subject of any material disciplinary actions.

## **3. Other Business Activities**

Mr. Palazzi is not actively engaged in an outside investment-related business or occupation.

Mr. Palazzi is not actively engaged in any other outside business or occupation for compensation.

## **4. Additional Compensation**

Mr. Palazzi does not receive any economic benefits for providing advisory services to persons who are not our clients or investors in our clients.

## **5. Supervision**

As the Fund Manager of the investment advisor, Richard Deitz supervises the activity of Mr. Palazzi and our other supervised persons on a day-to-day basis. Such supervision includes review and pre-approval of all material trading and hedging strategies and pre-approval of certain individual material trades executed by other supervised persons. Mr. Deitz also reviews regularly all portfolio and cash positions of our client funds, usually on a daily basis.

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