

**Ada Investment Management LP**

Form ADV - Part 2A

Investment Adviser Brochure

July 2013

**Item 1 – Cover Page**

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This brochure provides information about the qualifications and business practices of Ada Investment Management LP, a Delaware limited partnership and investment adviser registered with the U.S. Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at (212) 259-4400, or by email at [Sachin.Shah@adainvestments.com](mailto:Sachin.Shah@adainvestments.com). The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment adviser with the SEC or any state securities authority does not imply any level of skill or training. Additional information about Ada Investment Management LP, also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

The following are specific material changes that were made to this brochure since our initial application for registration with the SEC on February 14, 2012:

- Ada created a vehicle, Ada Capital Realty Fund, LP, in April 2012 for exsiting partners to pool their capital and incubate the Ada Real Estate strategy.

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#### **Item 4 – Advisory Business**

Ada Investment Management LP, is an investment advisory firm with its principal place of business located in New York, New York. Ada Investment Management LP, will be referred to in this brochure as “Ada,” “we,” “us,” or the “firm.”

Ada has been in business since July 14, 2008 and converted from a Delaware limited liability company to a Delaware limited partnership on July 17, 2008. Ada was founded by Dr. Vinay Nair, our Chief Investment Officer and one of our principal owners. Dr. Nair is also the managing member of the firm’s general partner, Ada Investment Management GP LLC.

Ada serves as investment adviser or general partner to private investment funds (each, a “Fund” and collectively, the “Funds”). These services are provided pursuant to the terms of either an investment management agreement between the applicable Fund and Ada, or where Ada serves as the Fund’s general partner, the Fund’s limited partnership agreement. The Funds do not offer their interests to the public. Fund interests are offered only in private placements to qualified investors. The terms applicable to investors are detailed in each Fund’s confidential offering documents, which are provided to investors. Prospective investors are advised to review the confidential offering documents for a more in-depth description of the Fund’s investment strategy, objectives and related risk factors. The Funds we advise may invest through a master-feeder structure. *See Item 10 of this brochure for a list of the Funds we manage.*

Our primary focus is investing in publicly traded equity securities in developed and emerging markets. On behalf of our clients, we may also invest in mutual funds, U.S. and foreign stock index exchange-traded funds (excluding leveraged exchange-traded funds) or stock index or single stock futures contracts, and may enter into hedging instruments. We occasionally cause clients to invest in equity-linked derivatives and/or currency-linked derivatives in addition to or in lieu of the foregoing investment types. The client accounts may also be invested in short-term instruments for cash management purposes.

The investment strategies we employ on behalf of our clients are described in greater detail below at Item 8 and with respect to the Funds, in the confidential offering documents. The investment strategies can be grouped into the following categories:

- Ada Alternatives
- Ada Realty
- Ada India

We do not tailor the strategy to the needs of individual Fund investors. Any client-specific investment guidelines and restrictions are set forth in the client’s investment management agreement, limited partnership agreement, or confidential offerings documents, as applicable. *See Item 8 of this brochure for a more detailed discussion of Ada’s investment strategies.*

As of December 31, 2013, Ada has approximately \$154.2 million in gross assets under management, all of which are managed on a discretionary basis.

## **Item 5 – Fees and Compensation**

We are entitled to an asset-based management fee from the Funds. In addition, certain clients also pay a performance-based fee to Ada or its affiliate based on such client's investment performance.

### ***Management Fee***

The management fees are calculated as a percentage of the net asset value of each Fund attributable to each investor. The management fees are generally paid quarterly in advance and are deducted directly from the assets of each Fund and paid to us. Other than with respect to Ada Capital Realty Fund, LP, Ada India Diversified Fund, LP, and Brabant Diversified India Fund, this brochure will only be delivered to qualified purchasers as defined in section 2(a)(51) of the Investment Company Act of 1940. A complete description of our compensation arrangements is set forth in each Fund's confidential offering documents.

With respect to Ada India Diversified Fund, LP and Brabant Diversified India Fund, Ada charges an annualized management fee equal to 2% of net assets attributable to each investor, depending on the class of interests or shares held by such investor, in each case, determined and payable quarterly in advance. The management fee will be prorated with respect to partial-period investments based upon the number of days remaining in the relevant period for which the investor's assets were invested. As Ada India Diversified Fund, LP invests substantially all of its assets in Brabant Diversified India Fund, Ada charges investors in Ada India Diversified Fund, LP only one management fee based on the net assets attributable to each investor in the master-feeder structure.

### ***Performance-based Fees***

Ada or its affiliate may receive a performance-based fee from the Funds. With respect to the Funds, such performance-based fees are typically 20% of the realized profits of the Funds for the relevant period attributable to each investor's interest in the Fund and are typically subject to a high water mark, recoupment of a loss recovery account or a benchmark return. The performance-based fees are typically determined and allocated on an annual basis, but will be determined and allocated for shorter periods under certain circumstances (such as, upon withdrawals from a Fund). These fees are deducted directly from the assets of each Fund.

The details of how the fees are calculated for the Funds can be found in the confidential offering documents. The fees described above are our typical rates. However, each Fund has the right to enter into agreements with one or more of its investors providing for the waiver or modification of certain terms of the offering of Fund interests or shares (as applicable), or certain rights and obligations of Fund investors, including fees, in each case without notice to the other Fund investors.

## ***Expenses***

Each Fund may pay, or reimburse us for, all operating expenses and other costs of the Fund that we are not required to bear including, but not limited to:

- organizational expenses related to the formation and offering of the Funds' interests or shares;
- brokerage and execution charges, commissions, custodial charges, and fees for quotation and other data services;
- fees related to accounting, trading, portfolio management and risk management systems;
- research subscriptions and expenses;
- legal and consulting fees related to investment research;
- broken trade and broken deal fees;
- expenses to register securities and transfer taxes;
- costs and expenses incurred for the purpose of protecting and enhancing the value of the Fund's assets (including the costs of instituting and defending litigation);
- U.S. Federal, state and local taxes, filing and registration fees of the Funds and their affiliates;
- all costs, fees and expenses relating to communications with the Funds' investors, bookkeeping, accounting and the preparation and mailing of financial, tax and performance information to the Funds' investors;
- fees, costs and expenses incurred in connection with borrowings;
- administration fees, costs and expenses;
- fees for attorneys, accountants, consultants and other professionals or experts arising in connection with the Funds' business;
- directors' fees for any of the Funds organized as corporations;
- the management fee and performance allocation (as applicable); and
- any other expenses incurred on behalf and in the course of the Funds' businesses.

As we consider appropriate, we may invest a portion of a client's assets in one or more money market funds, mutual funds or exchange-traded funds. When any such investments are made, clients will be paying, in addition to the compensation payable to us, their proportionate share of any management fees charged by the manager of such money market fund, mutual fund or exchange-traded fund. *See Item 12 of this brochure for additional information regarding Ada's brokerage practices.*

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

### ***Performance-Based Fees***

As noted in Item 5, clients may pay performance-based fees to Ada or its affiliate. Such fees create certain inherent conflicts of interest with respect to Ada's management of assets. Specifically, performance-based fees may create an incentive for us to take risks in managing assets that we would not otherwise take in the absence of such arrangements. Additionally, since performance-based fees reward us for performance in client accounts that are subject to such performance-based fees, we may have an incentive to favor these accounts over those, if any,

that have only fixed asset-based fees with respect to areas such as trading opportunities, trade allocation, and allocation of new investment opportunities. To mitigate these risks, the performance-based fees are typically subject to a high water mark or recoupment of a loss recovery account. However, we may have an incentive to favor certain client accounts over any other client accounts that incur losses and their investors' interests are below their respective high water marks.

As a registered investment adviser and a fiduciary, Ada exercises due care to ensure that investment opportunities are allocated equitably among all clients. Towards this end, Ada has implemented policies and procedures to address allocation and aggregation decisions. These policies and procedures (discussed more fully in Item 12) seek to ensure fair and equitable treatment of all clients over time.

### ***Side-by-Side Management***

Ada may simultaneously manage clients according to similar investment strategies (i.e., side-by-side management). The simultaneous management of these different client accounts creates certain conflicts of interest, as the fees for managing client accounts may differ from one another.

Although Ada has a duty to treat all client accounts within an investment strategy fairly and equitably over time, such client accounts will not necessarily be managed identically at all times. Specifically, there is no requirement that Ada use the same investment practices consistently across all client accounts. In general, investment decisions for each client will be made independently from those of other clients, and will be made with specific reference to the individual needs and objectives of each client. In fact, different account guidelines and/or differences within particular investment strategies may lead to the use of different investment practices for client accounts within a similar investment strategy. In addition, Ada will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all accounts, particularly if different accounts have materially different amounts of capital under management by Ada or different amounts of investable cash available. As a result, although Ada manages multiple accounts with similar or identical investment objectives, or may manage accounts with different objectives that trade in the same securities, the portfolio management decisions relating to these accounts, and the performance resulting from such decisions, may differ from account to account. *See Items 10 and 12 of this brochure for additional information regarding Ada's trade aggregation and allocation procedures.*

### **Item 7 – Types of Clients**

We serve as investment adviser or general partner to the Funds. We advise the Fund's on a discretionary basis. Investment advice is provided directly to the Funds and not individually to the investors of the Funds, except for feeder funds in master-feeder structures.

### ***The Funds***

Ada Capital Realty Fund, LP and Ada India Diversified Fund, LP have a minimum initial investment amount of \$1,000,000 while Ada Capital Qualified Fund, L.P and Ada Capital Offshore Fund, Ltd have a minimum initial investment amount of \$10,000,000, which may be

reduced by the Fund. In no circumstance will the minimum initial investment by any Fund investor be less than \$100,000. There is no minimum amount for subsequent investments in the Funds.

Investors in the Funds generally must be persons that are (i) not “U.S. Persons” or (ii) Permitted U.S. Persons and who qualify as “accredited investors” as defined in Rule 501 under Regulation D under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and, with respect to Ada Capital Qualified Fund, LP and Ada Capital Offshore Fund, Ltd., qualify as “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940. From the time our SEC registration became effective, investors in the Funds that compensate us based on performance must be “qualified clients” as defined in Rule 205-3 under the Investment Advisers Act of 1940, as amended, or be grandfathered pursuant to SEC rulemaking. The Funds’ investors may consist of one or more of the following: individuals; pension and profit sharing plans; financial institutions (including feeder funds and funds of funds); trusts; university endowments; charitable organizations; and corporations or other business entities. Ada will not be engaged as an investment adviser to advise investors as to the appropriateness of investing in the Funds, except for feeder funds we advise through a master-feeder structure.

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

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

Ada implements various investment strategies developed and tested by the firm’s research group under the direction of Dr. Nair. These strategies combine several individual alpha models or investment themes that each use fundamental economic and financial ideas to select stocks for long term capital appreciation. Our stock selection process exploits temporary mispricing in stock markets due to various factors, including, but not limited to, institutional frictions, individual biases, informational complexity, liquidity flows or technical factors. To implement this stock selection process, we use regularly updated financial and operational data on companies, including, but not limited to, information on asset prices, financial policies, environmental policies, social policies and operational policies. Additionally, for certain strategies, the firm’s alpha models use proprietary hedging techniques that primarily utilize stocks to seek reduced exposure to well known quantitative factors, asset classes and the overall equity market. Our portfolio construction process combines the various alpha models and investment themes in an effort to diversify the portfolio across a large number of individual securities with no significant concentration in any one individual issuer or industry.

Certain of our investment strategies also implement a socially responsible overlay which uses third party social ratings to choose investments based on a preference for companies with a strong record of responsible environmental practices, fair labor standards, respect for human rights and corporate accountability.

The investment strategies we employ on behalf of clients can be grouped into the following categories:

## **Ada Alternatives**

Ada's Alternatives strategy is a process-driven, equity market neutral strategy. It is a solution designed to add value to client portfolios through its emphasis on low correlations to other fund managers. It uses rules to translate several fundamental research insights that exploit inefficiencies caused by investor biases, market structures and crowded market behavior. Each of these insights is by nature a contrarian alpha system that generates low correlations to other managers and hence emphasizes the quality of returns. Adding our fund to the client portfolio given the low correlation profile thus achieves a superior risk adjusted return relative to adding another me-too fund.

## **Ada Realty**

Ada Realty Fund is an opportunistic long/short equity hedge fund whose primary investment objective is to seek superior absolute returns while providing diversified and liquid exposure to listed Real Estate securities. Our holistic view of real estate valuation combines fundamentally-driven valuation with behaviorally-motivated investment themes. Ada Realty is a solution designed to add value to client portfolios through its emphasis on the ability of a client to participate in strong alpha creation relative to the real estate market index. The fund addresses the common problems of volatility and liquidity that clients face in pursuing this goal.

## **Ada India**

Ada's India strategy is a long biased, long-short equity strategy that provides investors a controlled and dynamic exposure to Indian equity markets while controlling for volatility and protecting against extreme currency moves. The strategy emphasizes the ability of an investor to participate in Indian growth as well as take advantage of the inefficiencies in the Indian stock markets through a disciplined investment process. The resulting strategy produces long term capital appreciation while preserving capital in volatile markets. Ada's office in Mumbai was established in May 2010 to provide local research expertise. Ada India started trading partner capital using a domestic structure in January 2011, and a Mauritius based structure for international partners in October 2011. The currency protection was initiated in May 2012.

At any time, Ada may add, remove, or modify any of the strategies it employs, including any of the strategies discussed above. Investing in securities involves risk of loss that clients should be prepared to bear. With respect to the Funds, a more in-depth description of each Fund's investment strategies is set forth in the confidential offering documents.

## ***Material Risks of Significant Investment Strategies and Securities***

The investment strategies described above involve a substantial degree of risk, and the client may lose all or a substantial portion of the value of its investments. No guarantee or representation is made that the strategies will be successful or a targeted return and risk will be achieved or maintained.

*Model risk.* The firm's strategies are highly dependent on models that generally have not been independently tested or otherwise reviewed that the firm uses to evaluate trading opportunities.

Models employ assumptions that abstract a limited number of variables from complex financial markets or instruments which they attempt to replicate. Any one or all of these assumptions, whether or not supported by past experience, could prove over time to be incorrect. For example, models may postulate or their efficacy may depend on assumptions regarding the existence of relationships that appear to hold true or in fact held true in the past but that may not exist or hold true in the future. Inputs into various models may be composed of or derived from facts or data, the accuracy of which have not been independently verified by the firm or any third party. In particular, if material factors are not incorporated into models, or are incorporated inaccurately, substantial losses could result, including on the basis of theoretical models (that later prove incorrect) that identify positions that appear to have minimal risk. The outputs of models may differ substantially from the reality of the markets, resulting in major losses. Additionally, there is no assurance that the firm has appropriately incorporated the models into its strategies.

*Computer hardware, software, networks.* Many components of the firm's critical computer hardware, networks, hosting facilities, and software may have flaws, may not be redundant or reliable, may be leased rather than owned, or may be provided in whole or in part by another party. The firm also relies on its own internal computer networks, as well as third-party computer networks including the internet, for critical aspects of its operations. These third-party computer networks are subject to various risks of disruption or performance degradation including but not limited to accidental cuts to data cables, equipment failure as well as systemic problems such as distributed denial of service attacks. Should any of these computer hardware and software or computer networks or network components fail or be inaccessible, there is no certainty that the firm will be able to recover promptly, and the client accounts' trading performance may suffer materially as a result.

*Socially Responsible Investments.* As described above, certain investment strategies will implement the socially responsible overlay which favors choosing investments that are consistent with responsible environmental practices, fair labor standards, human rights and corporate accountability. These strategies use third-party social ratings to screen companies in a manner that reflects an avoidance of companies with a poor record and a preference for companies with a strong record concerning the welfare of the environment, consumers and employees. Specifically, clients that implement the socially responsible overlay will, relative to those clients that do not, have poor social ratings and a smaller short exposure on companies that have strong social ratings. In each geographic zone, the social screening process is adapted to be optimized on the social rating data used in that geographic zone. As a result of this screening process, securities of certain issuers or securities related to a certain industry may not be selected and as a result, the return on the portfolios of the clients that implement the socially responsible overlay may not be either equivalent to or in excess of the return of portfolios of the clients that do not.

*Short Sales.* We may make short sales in any type of securities. Short sales that are not made "against the box" and are not part of a hedging transaction create opportunities to increase return but, at the same time, are speculative and involve special risk considerations. Since the seller in effect profits from a decline in the price of the securities sold short without the need to invest the full purchase price of the securities on the date of the short sale, returns will tend to increase more when the securities sold short decrease in value, and to decrease more when the securities sold short increase in value, than would otherwise be the case if the seller had not engaged in

such short sales. Short sales theoretically involve unlimited loss potential, as the market price of securities sold short may continuously increase, although we may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions we 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.

*Special Hedging Considerations.* Special risks are associated with the use of options, futures contracts and swaps as hedging techniques. In addition to directional risks of the underlying securities, options, futures contracts, and swaps are subject to fluctuations in the volatility of the underlying security and fluctuations in prevailing interest rates to a lesser extent. For options, futures contracts and swaps used in hedging, there can be no guarantee of a correlation between price movements in the hedging vehicle and in the portfolio securities being hedged. A lack of correlation could result in a loss on both the hedged securities and the hedging vehicle so that a client's return might have been better had hedging not been attempted. In addition, a decision as to whether, when and how to use options, futures or swaps involves the exercise of skill and judgment which are different from those needed to select portfolio securities, and even a well conceived transaction may be unsuccessful to some degree because of market behavior, currency fluctuations or interest rate trends. If we are incorrect in our forecasts regarding market values, currency fluctuations, interest rate trends, or other relevant factors, our client may be in a worse position than if such client had not engaged in options, futures or swap transactions. The potential loss incurred by a client in swaps, futures and writing options on futures is unlimited.

There can be no assurance that a liquid market will exist at a time when we seek to close out an option position or futures or swap contract. Most futures exchanges and boards of trade limit the amount of fluctuation in futures contract prices during a single day; once the daily limit has been reached on a particular contract, no trades may be made that day at a price beyond that limit. In addition, certain of these instruments are relatively new and without a significant trading history. As a result, there is no assurance that an active secondary market will develop or continue to exist. Lack of a liquid market for any reason may prevent us from liquidating an unfavorable position and the client would remain obligated to meet margin requirements until the position is closed.

*Leverage.* The use of leverage by buying securities on margin is a speculative technique that involves special risk considerations. Interest costs on borrowings may fluctuate with changing market rates of interest and may partially offset or exceed the return earned on borrowed funds. Interest on borrowings will be an expense of our clients and will affect their investment performance. To the extent a client is leveraged, the value of its assets will tend to increase more when its portfolio securities increase in value, and to decrease more when its portfolio securities decrease in value, than if its assets were not leveraged.

The rights of any lenders to the clients to receive payments of interest or repayments of principal will be senior to those of the clients. Consequently, we might have to sell a client's portfolio securities to meet interest or principal payments at a time when fundamental investment

considerations would not favor such sales. Also, the terms of any borrowings may contain provisions that limit certain activities of the clients, including the ability to make distributions.

*Equity Investments.* Our clients may invest in equity securities including common stocks, preferred stocks and warrants. These securities may be traded on major stock exchanges, the NASDAQ (National Market System, small cap and bulletin board), foreign exchanges or regional stock exchanges. Although equity securities have a history of long-term growth in value, their prices fluctuate based on changes in the issuer's financial condition and prospects and on overall market and economic conditions. There is no limitation on the types or sizes of the companies in which we may invest if we believe they present opportunities for capital appreciation. We may invest not only in securities of issuers with large market capitalizations, but also in securities of medium-cap, small-cap and micro-cap companies. Smaller companies often have limited product lines, markets or financial resources, and may depend on one or few key persons for management. The securities of such companies may be subject to more volatile market movements than securities of larger, more established companies, both because the securities typically are traded in lower volume and because the issuers typically are more subject to changes in earnings and prospects.

*Options and Futures Contracts.* We may utilize options contracts, futures contracts, and options on futures contracts. We also may use so-called "synthetic" options or other derivative instruments written by broker-dealers or other financial intermediaries. Options transactions may be effected on securities exchanges or in the over-the-counter market. When options are purchased over-the-counter, our client's portfolio bears the risk that the counterparty that wrote the option will be unable or unwilling to perform its obligations under the option contract. Such options may also be illiquid and, in such cases, we may have difficulty closing out its position.

A covered put option is a put option with respect to which the seller has a short position in the underlying security. The seller of a covered put option assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The seller of a put option may also be required to place cash or liquid securities in a segregated account to ensure compliance with its obligation to purchase the underlying security. The sale of such an option exposes our clients during the term of the option to a decline in price of the underlying security while depriving such client of the opportunity to invest the segregated assets.

A covered call option is a call option with respect to which a client owns the underlying security. The sale of such an option exposes the client, during the term of the option, to possible loss of opportunity to realize appreciation in the market price of the underlying security and to the possibility that it might hold the underlying security in order to protect against depreciation in the market price of the security during a period when it might have otherwise sold the security.

The seller of a covered call option assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option.

Trading in futures involves risk of loss to a client that is theoretically unlimited and could materially adversely affect the value of the client's net assets. No assurance can be given that a liquid market will exist for any particular futures contract at any particular time. Many futures exchanges and boards of trade limit the amount of fluctuation permitted in futures contract prices during a single trading day by regulations referred to as "daily price fluctuation limits" or "daily limits." Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit or trading may be suspended for specified periods during the trading day. Futures contract prices could move to the limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of futures positions and potentially subjecting a client to substantial losses. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that a client may indirectly hold or control in certain particular futures or options contracts. Many of the major U.S. exchanges have eliminated speculative position limits and have substituted position accountability rules that would permit us to trade without restriction as long as we can demonstrate the positions acquired were not acquired for the purpose of manipulating the market.

Successful use of futures depends on our ability to predict correctly movements in the direction of the relevant market, and, to the extent the transaction is entered into for hedging purposes, to ascertain the appropriate correlation between the transaction being hedged and the price movements of the futures contract.

The prices of derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts, and other derivative contracts in which our clients may invest are influenced by, among other things: interest rates; changing supply and demand relationships; trade, fiscal, monetary, and exchange control programs and policies of governments; and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those of currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Our clients are also subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses.

*Exchange-Traded Funds.* We may invest our clients in exchange-traded funds ("ETFs"), which are a type of index fund bought and sold on a securities exchange. An ETF trades like common stock and represents a fixed portfolio of securities designed to track a particular market index, industry or other economic factor. We could purchase an ETF for various reasons, including to temporarily gain exposure to a portion of the U.S. or a foreign market for hedging or speculative purposes. The risks of owning an ETF generally reflect the risks of owning the underlying

securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile and ETFs have management fees that increase their costs. ETFs are also subject to other risks, including: (a) the risk that their prices may not correlate perfectly with changes in the underlying index; and (b) the risk of possible trading halts due to market conditions or other reasons that, in the view of the exchange upon which an ETF trades, would make trading in the ETF inadvisable. An exchange-traded sector fund may also be adversely affected by the performance of that specific sector or group of industries on which it is based.

*Real Estate Investment Considerations.* There are additional risks specifically associate with U.S. real estate investments. Investment in companies that invest in real estate (“Real Estate Companies”), such as Real Estate Investment Trust (“REITs”) or real estate holding companies, expose investors to risks of owning reale estate directly, as well as to risks that relate specifically to the way in which Real Estate Companies are organized and operated. Real estate is highly sensitive to general and local economic conditions and developments, and characterized by intense competition and periodic overbuilding. Real Estate Companies may be subject to the following risks:

*Concentration Risk.* Real Estate Companies may lack diversification due to ownership of a limited number of properties and concentration in a particular geographic region or property type. Exposure to regions experiencing significant losses in property values may adversely affect the portfolio’s performance.

*Equity REITs Risk.* Certain REITs may make direct investments in real estate. These REITs are often referred to as “Equity REITs.” Equity REITs invest primarily in real properties and earn rental income from leasing those properties. Equity REITs may also realize gains or losses from the sale of properties. Equity REITs will be affected by conditions in the real estate rental market and by changes in the value of the properties they own. A decline in rental income may occur because of extended vacancies, limitations on rents, the failure to collect rents, or increased competition from other properties or poor management. Equity REITS also can be affected by rising interest rates. Rising interest rates may cause investors to demand a high annual yield from future distributions that, in turn, could decrease the market prices for such REITs. In addition, rising interest rates also increase the costs of obtaining financing for real estate projects. Because many real estate projects are dependent upon receiving financing, this could cause the value of the Equity REITs in which Ada Capital Realty Fund LP invests to decline.

*Interest Rate Risk.* Rising interest rates could result in higher costs of capital for Real Estate Companies, which could negatively impact a Real Estate Company’s ability to meet its payment obligations.

*Leverage Risk.* Investing in Real Estate Companies may involve risks similar to those associated with investing in small-capitalization companies. Real Estate Company securities, like the securities of other smaller companies, may be more volatile than, and perform differently from, shares of large-capitalization companies. There may be less trading in Real Estate Company shares, which means that buy and sell transactions in

those shares could have a magnified impact on share price, resulting in abrupt or erratic price fluctuations. In addition, real estate is relatively illiquid and, therefore, a Real Estate Company may have a limited ability to vary or liquidate its investments in properties in response to changes in economic or other conditions.

*Operational Risk.* Real Estate Companies are dependent upon management skills and may have limited financial resources. Real Estate Companies are generally not diversified and may be subject to heavy cash flow dependency, default by borrowers and self-liquidation. In addition, transactions between Real Estate Companies and their affiliates may be subject to conflicts of interest, which may adversely affect a Real Estate Company's shareholders. A Real Estate Company may also have joint ventures in certain of its properties and, consequently, its ability to control decisions relating to such properties may be limited.

*Property Risk.* Real Estate Companies may be subject to risks relating to functional obsolescence or reduced desirability of properties; extended vacancies due to economic conditions and tenant bankruptcies; catastrophic events such as earthquakes, hurricanes, tornados, and terrorist acts; and casualty or condemnation losses. Real estate income and values may also be greatly affected by demographic trends, such as population shifts, changing tastes and values, or increasing vacancies or declining rents resulting from legal, cultural, technological, global or local economic developments.

*Repayment Risk.* The prices of Real Estate Company securities may drop because of the failure of borrowers to repay their loans, poor management, or the inability to obtain financing either on favorable terms or at all. If the properties do not generate sufficient income to meet operating expenses, including, where applicable, debt service, ground lease payments, tenant improvements, third-party leasing commissions or other capital expenditures, the income and ability of the Real Estate Companies to make payments of interest and principal on their loans will be adversely affected. Many Real Estate Companies utilize leverage, which increases investment risk and could adversely affect a company's operations and market value in periods of rising interest rates.

*U.S. Tax Risk.* Certain U.S. Real Estate Companies are subject to special U.S. federal tax requirements. Specifically, a REIT that fails to comply with such tax requirements may be subject to U.S. federal income taxation, which may affect the value of the REIT and the characterization of the REIT's distributions. The U.S. federal tax requirement that a REIT distributes substantially all of its net income to its shareholders may result in the REIT having insufficient capital for future expenditures.

*Indian Investment Considerations.* There are additional risks specifically associated with investments in securities of issuers from India.

*Economic Considerations.* The Republic of India has experienced rapid economic growth rates in recent years and in many cases stock market valuations have followed tracked this growth. There can be no assurance that this will continue, or that the rapid growth India has not led to structural imbalances that may lead to an economic crisis. The Pan-Asian region has in the past been profoundly impacted by growth rates in the United

States and Western Europe, and a slowdown or recession in those regions would likely have significant impact on India's economy.

*Economic and Political Dislocations in India.* The Indian economy is generally less stable than the U.S. economy, due to, among other things, volatile internal political environments, less stable monetary systems and/or external political risks. Among other things, political and economic risks may arise from tensions between India and Pakistan, and other political instability in the region. In addition, political or diplomatic developments could lead to programs that would adversely affect investments, such as confiscatory taxation or expropriation. Any of these factors may lead to an unfavorable investment climates in India.

*Limited Availability of Information; Due Diligence.* Financial statements are prepared in accordance with local accounting standards, which in many cases differ in certain respects from U.S. GAAP. In addition, the securities and exchange laws in India, which govern public companies, impose disclosure requirements that in many cases are more limited than those in the United States in certain important respects. The result is that it is likely that financial statements and reported earnings of companies in which our clients could invest will generally contain less information than what would be reported based on U.S. accounting and reporting standards. Moreover, there is less experience in India with the extensive legal and business due diligence that is typically conducted in the United States. As a result, in considering a prospective investment, it may be difficult for a client to conduct the level of due diligence that it customarily conducts as to U.S. investments.

*Legal System.* The legal systems in India may lack transparency and has certain procedural inefficiencies. In addition, delays in obtaining licenses, approvals, and authorizations are common and may adversely affect the operations of companies in which the clients will invest.

*Securities Market, Corporate Governance.* Non-U.S. stock markets generally are not as developed or efficient as those in the United States and may be more volatile than the U.S. markets. In particular, there is generally less government supervision and regulation of non-U.S. exchanges, brokers and listed companies than there is in the United States. Further, as compared with trading volumes in U.S. markets, trading volumes in non-U.S. markets are usually lower and therefore are characterized by less liquidity and more rapid and erratic price fluctuations. Commissions for trades on non-U.S. stock exchanges are generally higher than negotiated commissions on U.S. exchanges, and custody expenses are generally higher as well. Settlement practices for transactions in non-U.S. markets may involve delays beyond periods customary in the United States, and our clients may be required to borrow funds or securities to satisfy their obligations arising out of other transactions. In addition, there could be more failed settlements, which can result in losses to our clients.

*Restrictions on Investment and Repatriation.* India imposes restrictions and controls regarding investment by foreigners. These restrictions may potentially limit or preclude investments in India and may increase clients' costs and expenses.

*Currency Factors.* Certain client investments may be denominated in non-U.S. currencies. A change in value of any such currency against the U.S. dollar will cause a corresponding change in the U.S. dollar value of a client's investments that are denominated in that currency. Those changes may affect a client account's income and profitability. We may enter into currency hedging transactions to attempt to reduce our clients' currency exposure. These techniques may reduce but will not eliminate the risk of loss due to unfavorable currency fluctuations, and they may limit any potential gain that might result from favorable currency fluctuations.

*Natural Disasters.* In the past, India, Mauritius and other Asian countries have experienced earthquakes, tidal waves and other natural disasters of varying in degrees of severity, and the risks of such phenomena, and damage resulting from them, continue to exist. Any such events, depending on their severity, could have substantial adverse effects on the economies of the affected countries.

*Master-feeder structure.* A "master-feeder" fund structure, in particular the existence of multiple investment vehicles investing in the same portfolio, presents certain unique risks to investors. Smaller investment vehicles investing in our master funds may be materially affected by the actions of larger investment vehicles investing in the same master fund. For example, if a larger investment vehicle withdraws from a master fund, the remaining funds may experience higher *pro rata* operating expenses, thereby producing lower returns. Substantial withdrawals of capital by investors in a master fund over a short time period could necessitate the liquidation of securities positions at a time and in a manner which does not provide the most economic advantage to such master fund and which therefore could adversely affect the value of its assets. Moreover, the layering of entities can impair the access of investors to the underlying assets of a particular master fund. The assets of the feeder funds will consist almost exclusively of shares of its corresponding master fund. Accordingly, the financial results of the feeder funds will be almost entirely dependent on the performance of its corresponding master fund.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in any or all of the strategies. Prospective clients should read this entire Form ADV and all accompanying materials provided by Ada and consult with their own advisors before deciding whether to invest in the strategies. Prospective investors in any Fund are advised to review the Fund's confidential offering documents for a more in-depth description of that fund's investment strategy and objectives and related risk factors. In addition, as the strategies develop and change over time, an investment in the strategies may be subject to additional and different risk factors. Ada will promptly amend this brochure if and when any information regarding its investment risks and strategies becomes materially inaccurate.

## **Item 9 – Disciplinary Information**

Not applicable.

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

### ***Material Financial Industry Affiliations of the Firm***

The firm currently serves as investment adviser to the following private investment funds:

- Ada Investments Long-Short Master Fund, Ltd.
- Ada Capital Offshore Fund, Ltd. (feeder fund to Ada Investments Long-Short Master Fund, Ltd.)
- Brabant India Diversified Fund, LP
- Ada Capital Realty Fund LP

The firm also serves as general partner of:

- Ada Capital Qualified Fund, LP (feeder fund to Ada Investments Long-Short Master Fund, Ltd.)
- Ada India Diversified Fund, LP (feeder fund to Brabant India Diversified Fund, LP)

Our principal, Dr. Nair, is also the managing member of the firm's general partner, Ada Investment Management GP LLC.

Dr. Nair and Mr. Rhodes-Kropf are members of the Board of Directors of Ada Capital Offshore Fund, Ltd. and Ada Investments Long-Short Master Fund, Ltd.

Mr. Rhodes-Kropf is also a member of the Board of Directors Brabant Diversified India Fund and is the managing member of RK Venture Group II, LLC, which holds the management shares of the Brabant Diversified India Fund and is a minority owner of Ada.

Sachin A. Shah, our Chief Operating Officer and Chief Compliance Officer serves as a member of the Investment Committee that recommends trades to the Board of Directors of Brabant Diversified India Fund.

### ***Conflicts of Interest***

We may in the future participate in or sponsor other investment funds and possibly have additional managed accounts. We may also determine to engage in other businesses. The existence of such present and future multiple investment vehicles and accounts, or other businesses, may create the material conflicts of interest described below.

*Management time.* The firm will use its best efforts in connection with the purposes and objectives of the clients and will devote so much of its time and effort to the affairs of the clients as may, in its judgment, be necessary to accomplish the purposes and objectives of the clients. However, the firm and its affiliates and their respective members, officers, employees, principals, agents and affiliates may conduct any other business, including any business within the securities industry, whether or not such business is in competition with the clients. Without limiting the generality of the foregoing, they may act as general partner, investment adviser or

investment manager for others, may manage funds, separate accounts or capital for others, may have, make and maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. These other investment funds and accounts may have investment objectives or may implement investment strategies similar or different to those of the clients. As a result of the foregoing, such parties may have conflicts of interest in allocating their time and activity between the clients and other investment funds and accounts. The clients will not be entitled to any of the profits from these other activities.

*New Investment Strategies and Related Products.* From time to time, the firm or its affiliates may determine to develop new investment strategies, with a view toward offering new investment fund products to investors. Such new investment strategies may be similar in certain or many respects to the investment strategies employed by the firm's existing clients and may involve the purchase and sale of some or all of the securities and investments which comprise the portfolios of our clients. Such new investment strategies may be "tested" by means of one or more newly established investment funds or accounts that are initially funded by capital of the firm and its affiliates. To the extent that the assets of any new investment fund or account remain solely attributable to affiliates of the firm, the investment fund or account will be treated as a personal account of the principals of the firm and will be required to comply with the personal account trading policy of the firm, subject to exceptions as may be determined by the firm and its affiliates from time to time. New investment funds or accounts may be expected at times to engage in purchases and sales of securities contemporaneously with purchases and sales of the same securities by one or more of the clients. In such event, it is anticipated that allocations of securities will generally be made as described below, but may, due to strategy related or other reasons, vary in the discretion of the firm.

At all times, the firm intends to monitor the investment activities and allocations with respect to any new investment fund or account and intends to operate new investment funds and accounts in a manner that will not negatively impact the clients. At any time, the firm may determine to offer interests in a new investment fund to outside investors. At such point in time and thereafter, the new investment fund will be treated as a client of the firm and will generally be subject to the allocations provisions set forth below.

*Conflicting positions among strategies.* As noted above, there may be a number of significant differences between the investment strategies employed by the clients. As a result of such differences, there may be times when the clients maintain contrary positions in the same securities as other clients (i.e. one client may be long in a particular security position and at the same time another client may be short the same security position, or vice versa). There may also be times when the clients engage in contrary trades in the same security (i.e. one Fund may purchase securities and another Fund may sell the same securities, or vice versa). The firm intends to engage in such contrary investment activities only for legitimate investment reasons deemed consistent with the investment objectives and strategies of the clients. It is also the intention of the firm to engage in any contrary investment activities in a fair and equitable manner so as to minimize, to the extent possible, the effect on the clients.

*Allocation issues generally.* Neither the firm nor its affiliates are obligated to make any particular investment opportunity available to the clients and may take advantage of any opportunity, either for other clients or for themselves. The firm intends to allocate investment

opportunities between the clients by applying such considerations as it deems appropriate, including relative size of such client amount of available capital, size of existing positions in the same or similar securities, leverage and other factors. Although such allocations may be *pro rata* as to the clients, they will not necessarily be so. No client will be entitled to investment priority and may not necessarily participate in every investment opportunity. In cases where a limited amount of a security or other instrument is available for purchase, the allocation of such security or other instrument, as between the clients, may necessarily reduce the amount thereof available for purchase by any single client.

*Possible rights of certain investors.* The Funds, without any further act, approval or vote of any investor therein or any other person, may enter into side letters or other writings with individual investors which have the effect of establishing rights under, or altering or supplementing, the terms of, the organizational documents of the applicable Fund. The Funds may permit certain investors to have more frequent or more detailed access to information regarding the applicable Fund's investments, the valuations, the positions taken by the Fund, or other investment information. Investors with such access may use such information to make withdrawal and/or additional investment decisions. The Funds are under no obligation to provide other investors with such access. Any rights established, or any terms of the organizational documents altered or supplemented, in a side letter with an investor will govern solely with respect to such investor (but not any of such investor's assignees or transferees unless so specified in such side letter) notwithstanding any other provision of the organizational documents.

*Valuation and other matters.* The firm will be responsible for a variety of important matters affecting the Funds. The organizational documents of the Funds prescribe the method of valuing different types of Fund investments, which generally involves using book value, however, there may be investments as to which the firm has certain elements of discretion in determining valuation subject to the oversight and final determination of the Funds' general partners or board of directors, as applicable. The process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had a ready market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Third party pricing information may at times not be available regarding certain of the Funds' assets. Moreover, because the firm will determine in its discretion the value of such assets, subject to the oversight and final determination of Funds' general partners or board of directors, as applicable, the firm will have an obvious conflict of interest in making the determination, given the potential impact of such valuation on the Funds' performance results. Furthermore, in the event a Fund's general partners or board of directors, as applicable, are provided with, or otherwise come into possession of, information which leads them to determine that one or more valuations of Fund assets for a prior period are inaccurate, they will have the authority to adjust or amend such prior valuations as it deems appropriate, and to adjust or amend any reports or statements of the Funds (whether or not previously issued) with respect to such prior periods.

*Allocation of profits and loss.* Certain clients pay Ada or its affiliate performance-based fees as discussed in Item 6 above. Although a relative allocation of profits and losses such as the performance fee has largely become a customary standard for private investment funds, this type of relative allocation of profits and losses can be characterized as creating an incentive, directly or indirectly, to the firm for speculative investment and thus a potential conflict with the interests

of the investors in the Funds. Although we believe the terms of the performance-based fees are comparable to those of many other investment partnerships, such terms were determined unilaterally by our firm or our affiliates and do not reflect arms' length negotiation.

*Resolution of conflicts.* Any conflicts of interest that arise between the clients or particular investors in the Funds on the one hand, and the other clients, investors or the firm on the other hand, will be discussed and resolved on a case-by-case basis. Any such discussions will take into consideration the interests of the relevant parties and the circumstances giving rise to the conflicts. Clients and investors in the Funds should be aware that conflicts will not necessarily be resolved in favor of their interests.

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

### ***Code of Ethics***

We have adopted a written Code of Ethics that applies to the firm, our employees and certain affiliates. Our Code of Ethics is administered by our chief compliance officer or her designees. Employees are given training with respect to our Code of Ethics when they are hired and annually thereafter. Each client may obtain a copy of our Code of Ethics by submitting a written request to Sachin A. Shah, Chief Compliance Officer at (212) 259-4400, or by email at [sachin.shah@adainvestments.com](mailto:sachin.shah@adainvestments.com).

The following general principles and standards of conduct are established by our Code of Ethics:

- We must operate at the highest level of ethical standards in keeping with our fiduciary duties to clients, and in compliance with all applicable laws.
- We have a duty to place the interests of clients first and to avoid conflicts of interest.
- Our employees and their immediate families may not accept any benefit from a client or person who does business with us, except for normal business courtesies and gifts of nominal value.
- Insider trading is prohibited and may expose an employee to stringent penalties.

Our Code of Ethics deals with a range of topics including, without limitation, the following:

- Categories of persons related to the firm who are covered by the Code of Ethics.
- Opening of personal securities accounts by covered persons.
- Pre-approval requirement for certain personal securities transactions.
- Submission to the firm of information concerning personal securities holdings and transactions.
- Gifts and entertainment.
- Reporting of violations.
- How the Code of Ethics is administered.
- How exceptions to the Code of Ethics may be granted by our chief compliance officer.

Each covered person is required to acknowledge that he or she has received and reviewed, and understands the Code of Ethics.

### ***Financial Interest in Client Transactions***

We may, from time to time, recommend a security in which our firm or one of our related persons, directly or indirectly, has an interest. In addition, Fund assets may be invested in securities of issuers in which one or more other Fundshold positions. The feeder funds will also be invested in securities of the master funds. Given the likelihood of such occurrence, clients will not be provided with notification of such occurrences. These practices may give rise to conflicts of interest, and such conflicts, and our procedures for addressing them, are described in detail in Item 10 of this brochure.

### ***Participation in Client Transactions and Personal Trading***

*Personal Trading.* Ada's employees and persons associated with Ada are required to follow Ada's Code of Ethics. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Ada will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not interfere materially with the best interest of Ada's clients. In addition, the Code requires pre-clearance of certain transactions and prohibits others. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest directly or indirectly in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Ada and its clients.

## **Item 12 – Brokerage Practices**

### ***Selecting Brokerage Firms***

Except with respect to Brabant India Diversified Fund, Ada has authority to select broker-dealers to execute transactions on behalf of clients. Although each master fund has a prime brokerage relationship, Ada may utilize a number of broker-dealers to effect transactions for the clients. Such broker-dealers are selected based upon, among other things, the amount of transaction costs, quality of execution, expertise in particular markets, the reputation, experience and financial stability of the firm, availability of stock loans, quality of service, familiarity both with investment practices generally and the techniques employed by the clients and the firm, research and analytic services and clearing and settlement capabilities, subject at all times to principles of best execution.

In so allocating brokerage, the commissions clients will pay to such broker-dealers will not necessarily represent the lowest commission rate available, but will reflect the firm's evaluation of the brokerage-related services supplied by such brokers and which benefit the clients, either alone or together with other clients of the firm.

The brokers will have a senior lien on all assets they hold to secure any margin loans or other transactions covered by the related brokerage agreement, and will be allowed to liquidate such assets in certain circumstances, which liquidation could be at losses. If the prime broker were to enter insolvency or bankruptcy proceedings, the assets of the account may not be recouped. The

firm will monitor the Funds' brokers periodically to assess credit exposure to the brokers, and may terminate, replace or add brokers as deemed necessary to protect the assets of the Funds.

### ***Soft Dollar Arrangements***

Section 28(e) of the Exchange Act provides a "safe harbor" to investment managers who use commission dollars of their advisory accounts (so-called "soft-dollar" arrangements) to obtain investment research, brokerage and other services that provide lawful and appropriate assistance to the manager in performing investment decision making responsibilities, provided that the amount of any increased commission costs on account of such research or other services is reasonable relative to the value of the services so provided. Currently, the Firm does not engage in any soft dollar arrangements or commitments. However, the firm is authorized by certain clients to utilize allocations of commission dollars solely to pay for (i) certain expenses which would otherwise be borne by the accounts (and which therefore do not involve the conflict of interest issues normally presented by "soft dollar" arrangements covered by Section 28(e)) and/or (ii) products or services that qualify as "research and brokerage services," within the meaning of Section 28(e), pursuant to arrangements that meet the other requirements of that section.

### ***Client Referrals and Directed Brokerage***

Ada may determine to allocate a portion of the Funds' brokerage business to firms whose employees participate as brokers in the private offering of interests in the Funds. However, such arrangements will in no way be a consideration in the firm's selection of broker-dealers or decision to maintain relationships with broker-dealers. The firm intends to enter into such allocation arrangements only where it determines that the terms thereof will result in an overall net benefit to the Funds. In addition, any and all brokerage allocations for the Funds will be subject to the principles of best execution and other allocation policies described above as well as any restrictions imposed by applicable law.

Ada does not recommend, request, require any client to direct Ada to execute transactions through a specified broker-dealer.

### ***Order Aggregation***

When the firm deems the purchase and sale of securities to be in the best interest of clients, the firm may aggregate the securities to be purchased or sold in order to obtain superior execution and/or lower brokerage expenses. In particular, execution prices for identical securities purchased or sold on behalf of multiple accounts in any one business day may be averaged. Allocation of the securities purchased or sold, as well as expenses incurred in the transaction, will be made among the clients by applying such considerations as the firm deems appropriate, including relative account size of such entities and clients, amount of available capital, size of existing positions in the same or similar securities, impact of leverage, tax considerations and other factors. Although such allocations may typically be pro rata as to a particular client, they will not necessarily be so, where allocation considerations, such as availability of capital, positions in similar securities or differing objectives dictate a different result. No client will be entitled to investment priority over other client and may not necessarily participate in every

investment opportunity. The firm will endeavor to make all investment allocations in a manner that it considers to be the most equitable to all clients.

### ***Trade Errors***

We have adopted a policy for the purpose of addressing trade errors that may arise, from time to time, with respect to the securities transactions of the clients. An example of a trade error is the sale of a security when it should have been purchased. Pursuant to the policy, we will seek to identify and correct any trade errors in an expeditious manner. We will net gains resulting from trade errors against losses resulting from trade errors on a client-by-client basis. Each client that suffered a net loss with respect to trade errors for such month will be reimbursed by us in an amount equal to such net loss. Additionally, promptly following the end of each month, each client that realized a net gain resulting from trade errors during such month will be credited with the amount of such net gain. In determining whether any amounts are payable to a client as of the end of any month with respect to trade errors, if a client has a net trade error gain balance as the beginning of such month, we will reduce amounts payable to such client due to net losses from trade errors that arose during such month on a dollar-for-dollar basis against such net trade error gain balance. “Soft dollars” or “client commissions” will not be used, either directly or indirectly, to correct trade errors. However, to the extent that we can demonstrate that a broker-dealer was partly or entirely responsible for a trade error, that broker-dealer may be asked to bear part or all of the cost of the error. We document each trade error and maintain a trade error file. The determination of whether or not a trade error has occurred will be in our sole discretion.

### **Item 13 – Review of Accounts**

Our Chief Investment Officer, Dr. Nair, reviews client accounts on a continuing basis to determine accomplishment of investment objectives, the cash balances available and/or margin debit balances outstanding, diversification of the portfolio and security positions. Reviews also may be triggered by economic and political events, specific company information, and/or market conditions.

### ***The Funds***

Each Fund investor is provided with (i) annual audited financial statements with respect to the Fund and (ii) unaudited reports of the Fund’s performance not less frequent than semi-annually.

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

Not applicable.

### **Item 15 – Custody**

We do not have physical custody of client funds or securities. However, except with respect to Brabant India Diversified Fund, Ada is deemed to have custody, as defined in Rule 206(4)-2 under the Investment Advisers Act of 1940, of the funds and securities of the Funds as a result of acting as general partner of certain Funds and our ability to remove the independent directors of certain Funds. The Funds are audited annually and audited financial statements are delivered to their investors within 120 days’ of the applicable fiscal year-end.

Ada is not deemed to have custody, as defined in Rule 206(4)-2 under the Investment Advisers Act of 1940, of the funds and securities of Brabant India Diversified Fund. This client must make its own arrangements for custody of funds and securities in its account. Custodians may be broker-dealers, banks, trust companies, or other qualified institutions. The qualified custodian will typically provide these clients with at least quarterly account statements relating to their assets. These clients should carefully review the qualified custodian's account statement upon receipt to determine that it completely and accurately states all holdings in their account and all account activity over the relevant period. The clients are urged to compare these account statements to the performance report statements provided by Ada. Ada's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Any discrepancies identified by the client should be immediately reported to Ada and the qualified custodian.

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

Ada usually receives discretionary authority from a client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Unless otherwise instructed or directed by a client, Ada has the authority to determine (i) the securities to be purchased and sold for the client (subject to restrictions on its activities set forth in the applicable agreement with Ada and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the client.

#### ***The Funds***

Ada has full discretionary authority and responsibility with respect to the investment management of the Funds pursuant to a limited partnership agreement or an investment management agreement, which is subject to the terms and conditions set forth in each Fund's confidential offering documents. As such, Ada is generally authorized to place orders for the execution of securities transactions without prior consultation with the Fund. The investment committee will consider the non-binding investment recommendations made by our firm and make recommendations to its board of directors.

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

Where Ada has authority to vote proxies, such authority is established by the terms of each client's agreement with Ada. Ada has established proxy voting policies and procedures and Dr. Nair, Chief Investment Officer, oversees the proxy voting process. Ada will generally vote proxies on a case-by-case basis and the proxy voting procedures are designed to ensure that proxies are voted in the clients' best interest. In addition, the proxy voting policy includes guidelines for Dr. Nair to follow if a material conflict of interest arises between Ada and/or its employees, and the clients to ensure any material conflict is resolved in the best interest of the clients. Clients and Fund investors may request information on how Ada voted with respect to the securities of such client and obtain a copy of Ada's proxies and procedures by contacting Sachin A. Shah, Chief Compliance Officer at (212) 259-4400, or by email at [sachin.shah@adainvestments.com](mailto:sachin.shah@adainvestments.com).

Where Ada does not have authority to vote proxies for securities, the client receives proxies directly from its custodian and votes independently. If Ada inadvertently receives any proxy

materials on behalf of a client, Ada will promptly forward such materials to the client at its address of record. These clients and Fund investors may contact Ada with questions regarding a particular proxy solicitation by contacting Mr. Shah at (212) 259-4400, or by email at [sachin.shah@adainvestments.com](mailto:sachin.shah@adainvestments.com).

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

No financial condition presently exists that is reasonably likely to impair Ada's contractual commitments to its clients.