

**FINVASA Financial Services Pvt Ltd**

**Form ADV Part 2A – Disclosure Brochure**

**Effective: March 31, 2011**

This Disclosure Brochure provides information about the qualifications and business practices of FINVASA Financial Services Pvt Ltd. ("FINVASA"). If you have any questions about the contents of this Disclosure Brochure, please contact us at +91-9872600029.

FINVASA is a Registered Investment Advisor with the U.S. Securities and Exchange Commission. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about FINVASA to assist you in determining whether to retain the Advisor.

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

**FINVASA Financial Services Pvt Ltd.**  
**CRD No: 154602**  
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**[www.finvasia.com](http://www.finvasia.com)**

## Item 2 – Material Changes

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On July 28, 2010, the U.S. Securities and Exchange Commission voted unanimously to adopt amendments to Part 2 of Form ADV and related rules under the Investment Advisers Act of 1940 (the “Advisers Act”). The amendments are designed to require a Registered Investment Advisor to provide Clients with a clearly written and meaningful disclosure, in plain English, about the advisor’s business practices, conflicts of interest and advisory personnel. The new Form ADV 2 is divided into two parts: *Part 2A* and *Part 2B*.

*Part 2A* (the “Disclosure Brochure”) provides information about a variety of topics relating to an Advisor’s business practices and conflicts of interest. *Part 2B* (the “Brochure Supplement”) provides information about advisory personnel of FINVASA.

FINVASA believes that communication and transparency are the foundation of our relationship and continually strive to provide our Clients with the complete and accurate information at all times. We encourage all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

### Initial Filing

FINVASA is an established Registered Investment Advisor; however, this is the initial filing of the Disclosure Brochure pursuant to the new regulations.

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of FINVASA.

At any time, you may view the current Disclosure Brochure on-line at the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

To review the firm information for FINVASA:

- Click **Investment Advisor Search** in the left navigation menu.
- Select the option for **Investment Advisor Firm** and enter **154602** (our firm’s CRD number) in the field labeled “Firm IARD/CRD Number”.
- This will provide access to Form ADV Part 1 and Part 2.
- Item 11 of the ADV Part 1 lists legal and disciplinary questions regarding the Advisor.
- In the left navigation menu, Form ADV Part 2 is located near the bottom.

You may also request a copy of this Disclosure Brochure at any time, by contacting us at +91-9872600029.

## Item 3 – Table of Contents

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### ADV Part 2A

<b>Item 1 – Cover Page.....</b>	<b>1</b>
<b>Item 2 – Material Changes.....</b>	<b>2</b>
<b>Item 3 – Table of Contents.....</b>	<b>3</b>
<b>Item 4 – Advisory Services .....</b>	<b>4</b>
A. Firm Information .....	4
B. Advisory Services Offered .....	4
C. Client Account Management .....	4
D. Wrap Fee Programs .....	5
E. Assets Under Management.....	5
<b>Item 5 – Fees and Compensation.....</b>	<b>5</b>
A. Fees for Advisory Services .....	5
B. Fee Billing .....	5
C. Other Fees and Expenses .....	5
D. Advance Payment of Fees and Termination.....	5
E. Compensation for Sales of Securities .....	6
<b>Item 6 – Performance-Based Fees.....</b>	<b>6</b>
<b>Item 7 – Types of Clients .....</b>	<b>6</b>
<b>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....</b>	<b>6</b>
A. Methods of Analysis.....	6
B. Risk of Loss.....	6
<b>Item 9 – Disciplinary Information .....</b>	<b>7</b>
<b>Item 10 – Other Financial Activities and Affiliations.....</b>	<b>7</b>
<b>Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading .....</b>	<b>7</b>
A. Code of Ethics.....	7
B. Personal Trading and Conflicts of Interest.....	8
<b>Item 12 – Brokerage Practices.....</b>	<b>8</b>
A. Recommendation of Custodian[s].....	8
A. Recommendation of Custodian[s] - continued .....	8
B. Aggregating and Allocating Trades .....	8
<b>Item 13 – Review of Accounts.....</b>	<b>8</b>
A. Frequency of Reviews .....	8
B. Causes for Reviews .....	9
C. Review Reports .....	9
<b>Item 14 – Client Referrals and Other Compensation.....</b>	<b>9</b>
A. Compensation Received by FINVASA.....	9
B. Client Referrals from Solicitors .....	9
<b>Item 15 – Custody .....</b>	<b>9</b>
<b>Item 16 – Investment Discretion .....</b>	<b>9</b>
<b>Item 17 – Voting Client Securities .....</b>	<b>9</b>
<b>Item 18 – Financial Information .....</b>	<b>9</b>

## **Item 4 – Advisory Services**

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### **A. Firm Information**

FINVASA Financial Services Pvt Ltd. (“FINVASA” or the “Advisor”) is a Registered Investment Advisor with the U.S. Securities and Exchange Commission. FINVASA was founded in February 2009 and is owned and operated by Paramjeet Kaur and Sarvjeet Singh. This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by FINVASA.

### **B. Advisory Services Offered**

FINVASA offers investment management, investment execution and consulting services to business and institutional Clients globally (each referred to as a “Client”).

Institutional Clients, including hedge funds, investment advisors and other institutional investors are provided with services that include investment research, trade execution and access to foreign markets through its global markets relationships.

#### Investment Management

FINVASA provides its Clients with fee-based investment advisory services, which include investment management and investment execution services in global markets. These services are customized to the needs of each Client, based on the unique objectives or investment mandates provided by the Client. FINVASA will generally provide these services on a discretionary trading basis.

Each Client will enter into a Tri-Party Agreement with a foreign market executing broker for trade execution and custody of assets. This Agreement will authorize FINVASA to trade securities within the Client’s account[s] at the broker or custodian on a discretionary basis.

FINVASA will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services. At no time will FINVASA accept or maintain custody of a Client’s funds or securities. All Client assets will be managed within their designated brokerage or custody account, pursuant to the terms of the Investment Advisory Agreement or Tri-Party Agreement.

#### Consulting Services

The Advisor also provides consulting services for Clients on an hourly or fixed-fee basis. Services may be general in nature or focused on particular business needs, depending on the unique circumstances of each Client. Advice is rendered in the areas of investment execution, foreign markets, research and other areas of expertise.

Consulting services are provided based on either an hourly or fixed fee basis, rather than based on the assets under management. FINVASA’s hourly fee will be billed at a rate of up to \$300 USD per hour or on a fixed monthly retainer. Fixed retainer fees will be determined based on the expected monthly work effort of the engagement and agreed by both parties in advance of commencing the engagement. Clients are billed on a monthly basis upon completion of work performed.

#### Research Reports

FINVASA provides its Clients with periodic reports that may include analysis on specific foreign markets, individual securities and other financial topics. In addition, Clients may arrange for the ability to receive, for an additional fee, consulting services related to the subject matter provided in these reports. Fees are negotiated with each Client based on the content, frequency and other parameters for the delivery of research reports.

### **C. Client Account Management**

Prior to engaging FINVASA to provide investment advisory services, each Client is required to enter into an Investment Advisory Agreement or Tri-Party Agreement with FINVASA that defines the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Policy or Mandate – FINVASA, in connection with the Client, will determine the scope and objectives of the investment advisory services.
- Investment Management and Supervision – FINVASA will provide investment management and ongoing oversight of the Client’s investments and overall account, as applicable.

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- Market Access – FINVASA may assist with obtaining access into one or more global markets to enable trading for the Client's account[s].
- Investment Execution – FINVASA will provide investment execution service in various global markets.

#### **D. Wrap Fee Programs**

FINVASA does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by FINVASA.

#### **E. Assets Under Management**

As of December 31, 2010, the most recent date for which such calculations are provided pursuant to securities regulations, FINVASA manages the following assets:

Assets Under Management	Assets
Discretionary Assets	\$45,000,000
Non-Discretionary Assets	--
<b>Total</b>	<b>\$45,000,000</b>

Clients may request more current information at any time by contacting the Advisor.

### **Item 5 – Fees and Compensation**

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The following paragraphs detail the fee structure and compensation methodology for investment management. Each Client shall sign an Investment Advisory Agreement that details the responsibilities of FINVASA and the Client.

#### **A. Fees for Advisory Services**

FINVASA does not charge its Clients an investment management fee. As compensation for its services, FINVASA receives soft dollars payments from the broker-dealers that execute and clear trades on behalf of FINVASA's clients. FINVASA receives a fee of up to 0.05% of the transaction value of each trade.

In addition, FINVASA may receive a one-time setup and administration fee for establishing brokerage and custodial relationships. These fees are negotiated with the Client or Investment Manager in advance of performing services and will vary based on the time, effort, and out-of-pocket expenses associated with establishing the Client's account[s] or access to a particular market.

#### **B. Fee Billing**

##### Account Portfolio Management

Soft-dollar payments are paid by the broker-dealer based on the terms established in the agreement between FINVASA and the broker-dealer. Setup and administration fees are billed pursuant to the terms of each agreement.

#### **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties, other than FINVASA, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer.

#### **D. Advance Payment of Fees and Termination**

FINVASA is generally compensated for its services in arrears, with the exception of setup and administration fees as noted above.

Clients may request to terminate their Investment Advisory Agreement with FINVASA, in whole or in part, by providing advance written notice. Upon termination, the Advisor will refund any unearned, prepaid fees. The Client's Investment Advisory Agreement with the Advisor is non-transferable without Client's written approval.

## **E. Compensation for Sales of Securities**

FINVASA is compensated based on soft-dollar payments resulting from securities transactions as detailed above.

## **Item 6 – Performance-Based Fees**

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FINVASA does not receive performance-based fees.

FINVASA does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

## **Item 7 – Types of Clients**

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FINVASA provides investment advisory services to business and institutional Clients globally. The relative percentage each type of Client is available on FINVASA's Form ADV Part 1. These percentages will change over time. FINVASA generally does not impose a minimum account size for establishing a relationship, but does require the Client to be an institutional investor.

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

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### **A. Methods of Analysis**

FINVASA employs its proprietary research and analysis methodologies in managing Client accounts. FINVASA's process includes fundamental and technical analysis methods in developing these strategies for its Clients. Research and analysis from FINVASA is derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

### **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. FINVASA will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals. The Advisor shall rely on financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, investment mandate or other factors that may affect the investment approach.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. These risks may include:

#### Options Contracts

Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

#### Margin Borrowings

The use of short-term margin borrowings may result in certain additional risks to a Client. For example, if securities pledged to brokers to secure a Client's margin accounts decline in value, the Client could be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value.

### Short Sales

A short sale involves the sale of a security that the Client does not own in the hope of purchasing the same security at a later date at a lower price. To make delivery to the buyer, the Client must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The Client realizes a profit or a loss as a result of a short sale if the price of the security decreases or increases respectively between the date of the short sale and the date on which the Client covers its short position, i.e., purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

### Concentrated Portfolios

Concentrated portfolios are an aggressive and highly volatile approach to trading and investing and should be viewed as complementary to a stable, highly predictable investment approach. Concentrated portfolios hold fewer different stocks than a diversified portfolio and are much more likely to experience sudden dramatic price swings. In addition, the rise or drop in price of any given holding in the portfolio is likely to have a larger impact on portfolio performance, than a more broadly diversified portfolio.

### Frequent Trading

Frequent trading in securities can result in higher transaction costs in the Client's account[s]. For taxable accounts, frequent trading can also result in taxable transactions each year that would not be present in a buy-and-hold strategy. There are no guarantees that a frequent trading strategy will correctly time purchases and sales of any particular security.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor. For more information on our investment management services, please contact us at +91-9872600029.**

## Item 9 – Disciplinary Information

**There are no legal, regulatory or disciplinary events involving FINVASA or any of its employees.** FINVASA and its advisory personnel value the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider in which you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). To review the firm information contained in ADV Part 1, select the option for Investment Adviser Firm and enter **154602** in the field labeled "Firm IARD/CRD Number". This will provide access to Form ADV Parts 1 and 2. Item 11 of the ADV Part 1 lists legal and disciplinary questions.

## Item 10 – Other Financial Activities and Affiliations

The sole business of FINVASA is to provide investment advisory services to its Clients.

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

### **A. Code of Ethics**

FINVASA has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with FINVASA. The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. FINVASA and its personnel owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of FINVASA associates to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include; general ethical principles, reporting personal securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. FINVASA has written its Code of Ethics to meet and exceed regulatory standards. To request a copy of our Code of Ethics, please contact us at +91-9872600029.



## **B. Personal Trading and Conflicts of Interest**

FINVASA allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities we recommend (purchase or sell) to you presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. We have also adopted written policies and procedures to detect the misuse of material, non-public information. We may have an interest or position in certain securities, which may also be recommended to you.

**At no time, will FINVASA or any associated person of FINVASA, transact in any security to the detriment of any Client.**

## **Item 12 – Brokerage Practices**

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### **A. Recommendation of Custodian[s]**

FINVASA does not have discretionary authority to select the broker-dealer / custodian for custodial and execution services. The Client will select the broker-dealer or custodian (herein the "custodian") to safeguard Client assets and authorize FINVASA to direct trades to this custodian as agreed in the Investment Advisory Agreement. Where FINVASA does not exercise discretion over the selection of the custodian, it may recommend the custodian[s] to Clients for execution and /or custodial services.

### **A. Recommendation of Custodian[s] - continued**

Following are additional details regarding the brokerage practices of the Advisor:

- 1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. **FINVASA is compensated with soft dollar payments from the broker-dealer as detailed in Item 5.**
- 2. Brokerage Referrals** - FINVASA does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.
- 3. Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where FINVASA will place trades within the established account[s] at the custodian designated by the Client. Further, all Client accounts are traded within their respective brokerage account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). In selecting the custodian, FINVASA will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated custodian.

### **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. FINVASA will execute its transactions through an unaffiliated broker-dealer selected by the Client. FINVASA may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts.

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Accounts are monitored on a regular and continuous basis by FINVASA's advisory personnel.



## **B. Causes for Reviews**

Accounts may also be reviewed as a result of major changes in economic conditions, known changes in the Client's investment mandate, and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify FINVASA if changes occur in the investment mandate that might adversely affect the investment strategy or process. Additional reviews may be triggered by material market, economic or political events.

## **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the trustee, broker or custodian (the "custodian"). These brokerage statements are sent directly from the custodian to the Client. The Client may also establish electronic access to the custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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

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### **A. Compensation Received by FINVASA**

FINVASA is compensated solely by the Client. FINVASA does not receive commissions or other compensation from transactions.

### **B. Client Referrals from Solicitors**

FINVASA does not engage paid solicitors for Client referrals.

## **Item 15 – Custody**

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FINVASA does not accept or maintain custody of any Client accounts. All Clients must place their assets with a qualified custodian. Clients are required to select their own custodian to retain their funds and securities and direct FINVASA to utilize that custodian for the Client's security transactions. For more information about custodians and brokerage practices, see Item 12 - Brokerage Practices.

## **Item 16 – Investment Discretion**

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FINVASA generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by FINVASA. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by FINVASA will be in accordance with each Client's investment objectives and goals.

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

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FINVASA does not accept proxy-voting responsibility for any Client.

## **Item 18 – Financial Information**

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Neither FINVASA, nor its management, has any adverse financial situations that would reasonably impair the ability of FINVASA to meet all obligations to its Clients. Neither FINVASA, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. FINVASA is not required to deliver a balance sheet along with this Brochure as the firm does not collect advance fees for services to be performed six months or more in advance.