

Item 1 – Cover Page

Form ADV Part 2A: Firm Brochure

**New Vernon Advisers LP
Harborside 5
185 Hudson Street, Suite 2330
Jersey City, NJ 07311
(201) 793-0570**

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This brochure provides information about the qualifications and business practices of New Vernon Advisers LP. If you have any questions about the contents of this brochure, please contact us at (201) 793-0570. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Although New Vernon Advisers LP is registered as an investment adviser with the SEC, registration does not imply a certain level of skill or training.

Additional information about New Vernon Advisers LP also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure dated March 30, 2018 does not reflect any material changes from our Brochure that was filed on March 30, 2017.

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Item 4 – Advisory Business

New Vernon Advisers LP (the “Registrant”), a Delaware limited partnership, is located in Jersey City, NJ. It was founded in 2004 by, among others, principal owner and Chief Executive Officer Arshad Zakaria. The Registrant’s general partner, New Vernon Advisers LLC, a Delaware limited liability company, is wholly owned by New Vernon Capital Holdings II, LLC (“NVCH II”), a Delaware limited liability company. Through his interest in NVCH II, Mr. Zakaria beneficially owns in excess of 25% of the Registrant. No other person holds 25% or more of the Registrant.

The Registrant advises on a discretionary basis five pooled investment vehicles. Two of the pooled investment vehicles are Cayman Islands limited partnership serving as the master fund in a master-feeder structure; they are:

- NVH I LP (the “India Fund”), which employs a multi-asset class strategy, primarily invests in: (i) public equities in companies located in the Republic of India (“India”), (ii) debt in Indian companies, and (iii) private companies and real estate (generally defined together with certain other illiquid investments as “Designated Investments”) in India. India Fund may invest to a lesser degree in certain other established and emerging markets throughout Asia (each, an “Approved Nation”). Investors in the India Fund elect on an annual basis whether to participate in Designated Investments in the coming year.
- NVH DI LP (the “DI Fund”), which co-invests with India Fund in Designated Investments, primarily invests in India. NVH DI LP may invest to a lesser degree in Approved Nations. The DI Fund is no longer offering interests to new investors.

The third pooled investment vehicle is a Cayman Islands exempted corporation; it is:

- New Vernon Financial Sector Fund (the “FinSec Fund”), which provides investors with exposure to companies that are either presently in the financial sector in India or that have, in the Registrant’s view, the potential to derive substantial revenue from goods or services closely connected to India’s financial sector.

The fourth pooled investment vehicle consists of the Class F shares of a Mauritian private company; it is:

- New Vernon Mauritius (“NVM”) - Class F Shares (the “Select Fund”), which provides investors with exposure to the performance of a small number of select small- and mid-cap public companies traded on the Indian stock exchanges. Exposure for the Select Fund is currently through Participatory Notes (“P-Notes”) issued by one or more third parties, though the Registrant may in the future seek exposure directly in Indian companies rather than through P-Notes. The Registrant has notified investors in the Select Fund of its intention to transfer NVM from Mauritius to the Cayman Islands, a process that the Registrant presently expects to be completed during the second quarter of 2018.

The fifth pooled investment vehicle is a Delaware limited partnership; it is:

- New Vernon Matrix Fund (“Matrix Fund”), a global tactical asset allocation fund using primarily equity, fixed income, commodities, and volatility exchange-traded funds to provide investors exposure to geographically diversified markets across a range of asset classes.

The Registrant also offers separately managed accounts (“SMAs”) to individual investors (the “Select Strategy Clients”) on a non-discretionary basis pursuant to which the Registrant provides investors with exposure to the performance of a small number of select small- and mid-cap public companies traded on the Indian stock exchanges. Exposure for the Select Strategy Clients is currently through NVM – Class A Shares (“Select Strategy”), which hold P-Notes issued by one or more third parties, though the Registrant may in the future seek exposure for Select Strategy Clients directly in Indian companies rather than through P-Notes. The Registrant has notified investors in the Select Strategy of its intention to transfer NVM from Mauritius to the Cayman Islands, a process that the Registrant presently expects to be completed during the second quarter of 2018. Collectively, Select Fund and Select Strategy investors may be referred to in this Brochure as “Select Fund/Strategy Participants.”

From time to time, the Registrant has offered SMAs to investors (“Portfolio Review Clients,” and, collectively with the Select Strategy Clients, the “Individual Clients”) on a non-discretionary basis, pursuant to which the Registrant provides broad market and portfolio allocation advice. The Registrant has one such SMA in place at this time, and may offer such SMAs in the future.

Individual Clients may include clients of New Vernon Wealth Management LLC (“NVWM”), an affiliate of the Registrant (see Item 10).

The India Fund, DI Fund, Select Fund, Matrix Fund, and FinSec Fund are referred to in this Brochure as the “Funds” or “Fund Clients,” and the Funds and Individual Clients are referred to in this Brochure as the “Clients.” The Registrant tailors its advisory services to its Clients consistent with the investment program described in the Fund Clients’ private placement memorandum or Individual Clients’ management agreements. As of December 31, 2017, the Registrant managed approximately \$927,383,563 of regulatory assets under management on a discretionary basis and \$14,614,661 of regulatory assets under management on a non-discretionary basis.

Item 5 – Fees and Compensation

India Fund

The Registrant generally receives a management fee from the India Fund, payable quarterly in advance, equal to 2% (annually) of the value of each investor's capital account. Fees are based on the fair market value of assets in the account as of the last day of the preceding quarter, except with respect to Designated Investments, in which event fees are based on the lower of cost of investment or fair market value (or, in the event of permanent impairment, the lower of cost or permanent impairment). While fees are generally deducted in advance, the India Fund may invoice investors with respect to Designated Investments in the event that an individual investor does not maintain sufficient liquid capital in the India Fund to pay such fees.

With respect to that portion of the India Fund invested in securities other than Designated Investments, the General Partner generally receives a performance allocation in the amount of 10% of any increase (excluding any increase or decrease attributed to Designated Investments) over the investor's net asset value at the end of the previous fiscal year (or other measurement period), which allocation is paid at the end of the fiscal year or upon certain other measurement periods, such as investor withdrawal. With respect to that portion of the India Fund invested in Designated Investments, the General Partner generally receives a 20% performance allocation on any gains from Designated Investments when such gains are deemed realized. The performance allocation is subject to (i) an investor's high water mark and (ii) offsets and netting with respect to increases and decreases in the investor's net asset value in all securities (though for Designated Investments, such increases and decreases are based solely on deemed realized gains or losses).

Select Fund

The Registrant generally receives a management fee from the Select Fund, payable quarterly in advance, equal to 2% (annually) of the net asset value of each investor's interest in the Select Fund.

The Registrant is entitled to a performance allocation from the Select Fund of either (as selected by an investor) 10% of any increase over the investor's net asset value at the end of the previous fiscal year (or other measurement period) or 20% of the investor's outperformance, if any, in excess of the Indian NSE Nifty Index, which allocation is paid at the end of the fiscal year or upon certain other measurement periods.

Matrix Fund

The Registrant generally receives a management fee from the Matrix Fund, payable quarterly in advance, equal to 1.5% (annually) on the portion of an investor's capital account (including any sub-account) with a net asset value equal to or less than \$5 million; 1.25% (annually) on the portion greater than \$5 million and less than \$10 million; and 1.0% (annually) on the portion equal to or greater than \$10 million.

The General Partner is entitled to a performance allocation from the Matrix Fund of 20% of an investor's outperformance (as determined under Matrix Fund's governing documents) of a reference index consisting of the average (based on weights determined by the Registrant from

time-to-time with notice to the investors) of the MSCI ACWI and the Bloomberg Barclays U.S. Treasury Index.

DI Fund

The Registrant generally receives a management fee from the DI Fund, payable quarterly in advance, equal to 1% (annually) on unfunded capital commitments through the investment period of the DI Fund and 2% (annually) on any funded capital commitments during the DI Fund's term.

The General Partner is generally entitled to a 20% performance allocation from the DI Fund on distributed profits.

FinSec Fund

The Registrant generally receives a management fee from the FinSec Fund, payable quarterly in advance, equal to 2% (annually) of the net asset value of each investor's interest in the FinSec Fund. The management fee will be reduced by 0.125% per quarter (0.50% per annum) for any limited partner that has invested (and not withdrawn) at least \$5 million with the Fund ("Minimum Investment Reduction"). The amount invested by a limited partner with respect to all Interests held by such limited partner (but not related or affiliated limited partners) will be aggregated for purposes of determining the Minimum Investment Reduction. The Minimum Investment Reduction is based on invested capital and does not include capital appreciation on any Interest, provided that, solely for purposes of determining the \$5 million invested capital threshold and for no other purposes, any permitted withdrawal will be applied first to the capital appreciation, if any, on any Interest(s), and not to invested capital. In addition, the management fee will be reduced by 0.125% per quarter (0.50% per annum) on any Interest or portion thereof held by a limited partner who commits to not withdraw all or any portion of such Interest for a three-year period ("Three-Year Commitment"). A Three-Year Commitment may be made on an Interest-by-Interest basis, and a limited partner with more than one Interest may elect to have the Three-Year Commitment apply to some or all Interests held by such limited partner. A limited partner may elect (i) on thirty (30) days' notice to the General Partner, to make a Three-Year Commitment on an existing Interest that is not then-subject to a Three-Year Commitment to take effect as of the next fiscal quarter of the Fund and (ii) to renew any existing Three-Year Commitment upon notice to the General Partner no less than thirty (30) days prior to the expiration of the then-current Three-Year Commitment. For the avoidance of doubt, any renewed Three-Year Commitment will be applied on a consecutive three-year basis (*i.e.*, three years, six years, nine years, etc.). Both management fee reductions may be applied to a single limited partnership interest (*e.g.*, a limited partner with invested capital of \$5 million who agrees to a Three-Year Commitment on a limited partnership interest will be subject to a management fee of 1.0% on such interest).

The General Partner is entitled to a performance allocation from the FinSec Fund of 10% of any increase over the investor's net asset value at the end of the previous fiscal year (or upon certain other measurement periods).

Select Strategy Clients

The Registrant generally receives a management fee from Select Strategy Clients, payable quarterly in advance, equal to 2% (annually) of the net asset value of the Select Strategy Client's account, excluding cash, cash equivalents or others assets held in reserve. While fees are generally deducted in advance, the Registrant may invoice Select Strategy Clients directly or may sell an investment (including to the Registrant's own account, with specific authorization from the Client) to pay the management fee in the event that a Select Strategy Client does not maintain sufficient liquid capital in its account to pay such fees.

The Registrant or an affiliate generally receives a performance fee from Select Strategy Clients generally equal to either (as selected by the Select Strategy Client) 10% of the Select Strategy Client's profit, if any, when investments are deemed realized, or 20% of the Select Strategy Client's outperformance, if any, in excess of the Indian NSE S&P CNX Nifty Index when investments are deemed realized.

General

If an investor withdraws from the India Fund, Select Fund, Matrix Fund, or FinSec Fund, or if a client terminates an SMA, in each case prior to the end of a quarter, the investor or client, as applicable, will receive a pro rata refund of any unearned management fee paid.

Management fees may be subject to total or partial offset for certain fees received by the Registrant (or by entities associated with the Registrant) with respect to the underlying Fund investments made by the India Fund and DI Fund. The general partners of the Fund Clients (the "General Partners") and the Board of Directors of the Select Fund (the "Board") have the discretion, as applicable, to waive or modify the management fee for any investor, and the Registrant has the ability to waive or modify the management fee for any Individual Client.

The General Partner or Board, as applicable, has discretion to waive or modify the performance allocation for the Funds as provided under the applicable governing documents. The Registrant may waive or modify the performance fee for the Select Strategy Clients. The General Partner may also calculate the performance allocation differently for feeders in a Fund with respect to certain clawback or escrow arrangements.

The Registrant is separately reimbursed by each Client for certain expenses, including, without limitation: (i) legal, accounting, audit, escrow and custodial fees; (ii) consulting fees; (iii) banking, brokerage, broken-deal, registration, qualification, finders, depositary and similar fees or commissions; (iv) transfer, capital and other taxes with respect to the Client or the investors (including withholding taxes but excluding all taxes on dividends from the Client imposed on an investor in that investor's home jurisdiction); (v) duties and costs incurred in acquiring, holding, selling or otherwise disposing of Client assets, including transaction costs related to P-Notes if applicable; (vi) insurance premiums, indemnifications, costs of litigation and other extraordinary expenses; (vii) costs of financial statements and other reports to investors, as well as costs of all governmental returns, reports and other filings; (viii) costs of meetings of the investors, the Board and the Client's Advisory Board (including the travel and other out-of-pocket costs incurred by the General Partners, members of the Board and the Advisory Board in attending such meetings); (ix) interest expenses; (x) expenses incurred in investigating or evaluating investment opportunities whether or not consummated (e.g., travel expenses); (xi) amounts paid to or for the

benefit of portfolio investments other than as capital contributions/subscriptions thereto or in exchange for securities issued thereby; (xii) the management fee and all costs associated with the dissolution and termination of a Fund; (xiii) advertising and public notice costs; and (xiv) any other expenses not listed in the preceding clauses (i) through (xiii) that are not normal operating expenses of the General Partners or Registrant. The Registrant seeks to allocate expenses to investments as appropriate (*e.g.*, certain expenses related to a specific Designated Investment may be allocated to the limited partners invested in that Designated Investment). Certain expenses related to illiquid investments may be allocated to the Individual Client or Fund Clients' investor or investors participating in that investment. The Clients will also incur brokerage and other transaction costs, as discussed more fully under Item 12 "Brokerage Practices" below.

To the extent the Registrant offers SMAs in the future to Individual Clients that do not invest in the Select Strategy, the Registrant expects to negotiate fees and other compensation with each such Individual Client and, consequently, does not have a schedule of fees for these potential Individual Clients. To the extent fees are charged with respect to these services, such fees are generally expected to be on a fixed fee basis.

Item 6 – Performance-Based Fees and Side-by-Side Management

As discussed in Item 5 “Fees and Compensation”, the General Partners or an affiliate receives a performance allocation with respect to the India Fund, the DI Fund, the Matrix Fund, and the FinSec Fund, and the Registrant or an affiliate receives a performance allocation with respect to the Select Fund and a performance fee from certain Individual Clients. Certain differences in the determination of a performance allocation or fee, such as with respect to timing, the percentage of profits to be received or whether the determination is done on an absolute basis or basis relative to an index, may create an incentive to favor one Client or group of investors in terms of allocation of investment opportunities. The Registrant has adopted procedures designed to mitigate such conflict and to allocate investment opportunities equitably over time.

Item 7 – Types of Clients

The Registrant's Fund Clients are not registered or required to be registered under the Investment Company Act of 1940, and the securities of each Fund are not registered or required to be registered under the Securities Act of 1933 and are privately placed to qualified investors in the United States and elsewhere. Investors in the Funds and Select Strategy Clients must be both Accredited Investors and Qualified Purchasers. The minimum investment for each Fund is as follows: India Fund, 3,000,000; DI Fund, \$1,000,000; each of the Select Fund and Matrix Fund, \$200,000; and the FinSec Fund, \$250,000. In each case, the minimum is subject to modification or waiver at the General Partner's or Board's discretion, as applicable.

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

A. Methods of Analysis and Investment Strategies

1. India Fund, DI Fund, and Select Strategy/Fund Participants

The Registrant's methods of analysis and investment strategies with respect to the India Fund, the DI Fund, and the Select Strategy/Fund Participants generally involve the following several basic principles:

Focus on intrinsic value. The Registrant's perspective is that it is more profitable in the long-term to focus on the particular attributes of an asset rather than on the potential for shorter-term gain derived from "market-driven" (*i.e.*, momentum-based) changes in value. Accordingly, it focuses on the intrinsic value of each asset rather than the relative value of similar assets. The Registrant applies stringent financial, operating and industry investment criteria to assess the merits and value of each investment. Key considerations in making its investment decisions may include:

- the company's competitive advantage and its position within its industry;
- the company's pricing power and customer and supplier dependencies;
- overall market and participant size and industry growth prospects;
- capital requirements needed to enhance the company's competitive advantage; and
- the financial performance and valuation of the company, including:
 - historical growth, profitability and return on investment;
 - historical and projected free cash flow; and
 - purchase price as a multiple of free cash flow and other financial parameters.

Invest for the long-term. The Registrant takes the approach that a long-term perspective is necessary to maximize the potential gain from investments made at a discount to intrinsic value. This is particularly true for investments made in the relatively more volatile Indian investment environment where pricing dislocations may be sustained. Consistent with this long-term investment philosophy, the Registrant may engage in trading activity to adjust ownership positions and increase gain potential. This long-term approach is expected to result in lower operating costs.

Invest in high-potential investments. Investing in well-conceived and well-executed projects in demand-driven and supply-constrained markets can offer lucrative opportunities to achieve long-term gains. In particular, many smaller publicly traded and privately held Indian companies are unable to attract sufficient capital to realize their operating and financial performance potential and present attractive investment opportunities. Likewise, real estate

projects in India are expected to benefit from anticipated favorable changes in real estate demand driven by the continued growth of the Indian economy and the relative scarcity of capital.

Generally, the Registrant targets companies and projects it believes possess key competitive advantages such as strong market positions or locations, unusual product features or service offerings, and operating or manufacturing cost advantages. With respect to investments in Indian real estate projects, the Registrant believes that opportunities are available in a wide variety of asset classes and property types, including the purchase, development and management of commercial, industrial and/or residential real estate and hospitality projects (*i.e.*, hotels).

Conduct thorough due diligence. The Registrant believes that an important element in assessing potential investment candidates is a thorough due diligence process. In conducting its due diligence, the Registrant may draw upon the operating and investing experience of its principals, as well as that of their network of professional advisors, including attorneys, accountants and/or industry consultants. The degree and/or type of due diligence to be performed depends on several factors, including the size of the investment, whether the investment is in real estate, a private company or a public entity as well as the Registrant's general familiarity with the property location, business, or industry. Examples of due diligence tasks include:

- Communications with management to assess executive and operating management capabilities;
- Analysis of historical financial results and business plans, and review of available financial projections;
- Analysis of competitor market position and key growth drivers; and
- Interviews with key customers and suppliers to gauge the strength of these relationships and the stability of the supply chain and revenue stream.

Evaluation of real estate projects may include a review of the macroeconomic, social and financial factors affecting real estate supply and demand in the local market, as well as an estimate of value, based on asset replacement cost, potential value added and comparable leasing and acquisition prices.

Capitalize on the Registrant's collective experience, relationships and transaction flow network. The Registrant focuses its activities on those opportunities where it believes advantages can be gained from a network of Indian real estate developers, property managers and construction companies, manufacturers, supply and distribution contacts, as well as its experience building cost-effective Indian operations, cross-border operating experience, and capital market and M&A expertise. In doing so, the Registrant relies upon its principals' extensive Indian and U.S. relationships with key executives, financial and industry analysts and bankers to identify prospective investments.

Create and fund post-investment initiatives to increase value of investments. The Registrant actively monitors a Client's investments, and, in some instances, participates in the management of portfolio companies. In particular, the Registrant has, and in the future may, where possible, use its voting power in securities of portfolio companies to elect members of the board of directors of portfolio companies, providing direct input on issues of strategic direction, acquisitions and divestitures, corporate finance, personnel, and monetization strategies in order to enhance each company's management, operating, sourcing, distribution, customer and other strategies.

Identify and facilitate timely and opportunistic exit strategies. The Registrant frequently evaluates the timing and method of realizing gains on its investments. In particular, the Registrant reviews likely exit strategies prior to making an investment and structures investments (where possible) so as to maximize the ease and speed at which a Client can monetize its positions and maximize its gains. With respect to private equity investments, the Registrant intends to employ a variety of exit strategies, including outright sales to strategic or financial buyers, initial or secondary public offerings, distribution of cash flows and recapitalization transactions. With respect to real estate projects, the Registrant seeks investments with multiple identifiable exit strategies, ranging from simple property sales to public capital market transactions. Liquidating transactions may also include single asset sales or portfolio sales to individual buyers, private investment funds, publicly held companies or institutional investors. The Registrant continues to monitor current restrictions on foreign ownership of real estate and structures a Client's investment and plans its exit strategy accordingly.

2. Matrix Fund

For the Matrix Fund, which is focused on a broader global tactical allocation strategy, the Registrant's methods of analysis and investment strategies include utilizing proprietary systems to track the portfolio investments and evaluate both performance and market exposures. The Registrant also relies upon its personnel to conduct daily risk evaluation and decision making based on qualitative and subjective measure, and does not generally employ a rules-based method of limiting the size and/or drawdown for any of its positions. The Registrant will periodically adjust investments by overweighting asset classes and geographies that it believes will produce attractive returns, while underweighting or potentially even shorting asset classes and geographies that it believes will produce less favorable returns.

3. FinSec Fund

For the FinSec Fund, the Registrant's focus is on Indian companies that, at the time of the Fund's initial investment, are principally engaged in the business of offering one or more financial products, goods, and/or services (including, by way of example only, savings and checking accounts, insurance policies, credit facilities (including mortgages), investments, and investment-related services (including brokerage) to either consumers or corporate entities ("Financial Sector Companies"). The Registrant also seeks to identify those companies that focus their business on providing services to the financial sector – for example, developing applications, creating finance-focused infrastructure, and the like, as well as companies that it believes have either the prospect of becoming Financial Sector Company or would otherwise derive substantial revenue from goods or services closely connected to Financial Sector Companies. While the Registrant anticipates

such investments would be made opportunistically, such investments may represent a significant or even majority of the portfolio at any given time (though there is no guarantee that any such companies will, over time, become a Financial Sector Company or otherwise derive substantial revenue from goods or services closely connected to Financial Sector Companies). The Registrant will seek to identify those companies that it expects will benefit from certain long term demographic trends and structural changes in India that are driving a massive expansion in the use of financial services, and intends to hold positions accordingly barring unforeseen developments. The Registrant may from time to time hedge the portfolio by shorting either select securities or indices or trading in derivatives. The Registrant may also deviate from its investment objective during periods of significant market disruption or other extraordinary market conditions. In pursuing the FinSec Fund's investment objective, the Registrant may trade, buy, sell (including sell short), and otherwise acquire, hold, dispose of (using margin and other forms of leverage) and deal in (directly and indirectly) in a wide variety of securities, financial instruments, and other rights and interests including, without limitation, listed and unlisted, registered and unregistered securities of Indian and non-Indian issuers, subject to regulatory restrictions. The Fund has no restriction on the type of instruments in which it may invest or the strategies which it may deploy except, in each case, as may be imposed by applicable law or regulation.

B. Material Risks

Listed below are some of the risks associated with the Registrant's investment strategies. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in the Registrant's investment strategies. Some risks may not be applicable to all Clients nor strategies. For a complete explanation of the relevant investment strategies and their associated risks, investors should review the relevant offering or disclosure documents.

1. General Investment Risks Applicable to All Clients

The following general investment risks generally apply to all Clients unless otherwise noted.

General Risks. The Registrant's investment strategies are speculative and involve a high degree of risk, including the possible loss of principal. Returns generated through the Registrant's strategy may not provide adequate compensation for the business and financial risks assumed.

Investment Risk. All investments in securities risk the loss of capital. No guarantee or representation is made that the investment strategies will be successful. The Registrant may utilize such investment techniques as leverage, margin transactions, short sales, swaps, options on securities and forward contracts, which practices may, in certain circumstances, increase any adverse impact to which a Client may be subject. The Registrant may invest in bonds or other fixed income securities. Such securities may face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments.

The investment activities of each Client are inherently speculative. Such purchases may include securities which the Registrant believes to be undervalued, or where a significant position in the securities of the particular company has been taken by one or more other persons or where other companies in the same or a related industry have been the subject of acquisition attempts. There can be no assurance that securities which the Registrant believes to be undervalued are in fact undervalued, nor can there be any assurances that undervalued securities will increase in value. If the Registrant purchases securities for a Client in anticipation of an acquisition attempt or reorganization, and an acquisition attempt or reorganization does not in fact occur, the Client may be required to sell the securities at a substantial loss. Further, when securities are purchased in anticipation of an acquisition attempt or reorganization, a substantial period of time may elapse between a Client's purchase of the securities and the acquisition attempt or reorganization.

Public Equity Investments. A significant portion of the Registrant's strategies involves investment in publicly traded equity (except for the DI Fund) and equity-related investments. While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk that can result in substantial losses. Numerous inter-related and difficult to quantify economic factors, as well as market sentiment, subjective and extraneous political factors, influence the prices of equity securities. There can be no assurance that the Registrant will be able to correctly evaluate the nature and the magnitude of the various factors that could affect the value of such investments.

The Registrant will invest in securities on behalf of the India Fund and the Select/Fund Strategy Participants through P-Notes. P-Notes are a type of equity-linked product that constitutes general unsecured contractual obligations of the counterparty that issues them (a "P-Note Issuer"). Generally, the P-Note Issuer buys securities listed on certain Indian stock exchanges and then issues P-Notes which are designed to replicate the performance of certain issuers and markets. The performance results of P-Notes will not replicate exactly the performance of the issuers or markets that the notes seek to replicate due to transaction costs and other expenses.

Risks of Non-U.S. Investments. The Registrant may invest in financial instruments of non-U.S. corporations and governments, including those in developing nations and emerging markets (some of which may be Approved Nations with respect to the India Fund). Investing in the financial instruments of companies and governments outside of the United States involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; imposition of withholding and other taxes on dividends, interest, capital gains and other income; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict a Client's investment opportunities or its ability to repatriate funds. Such considerations also apply to, and could increase the risks associated with, holding positions in custodian accounts located in or governed by the laws of other countries. In addition, accounting and financial reporting standards that prevail outside of the United States generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the United States than for those located in the United States. Financial instruments traded on foreign exchanges and the foreign nationals or entities that trade these

instruments are generally not subject to the jurisdiction of the SEC or CFTC or other securities and commodities laws and regulations of the United States. Accordingly, the protections accorded to the Registrant under such laws and regulations will be unavailable for transactions on foreign exchanges and with foreign counterparties.

Special Risks of Emerging and Developing Markets. Securities in emerging and developing market countries (which may include certain Approved Nations with respect to the India Fund) may offer special investment opportunities, but investments in these countries present risks not found in more mature markets. In addition to the risk factors discussed above, emerging markets may have less developed trading markets and exchanges. Emerging countries may have less developed legal and accounting systems, and investments may be subject to greater risks of government restrictions on withdrawing the sales proceeds of securities from the country. Economies of developing countries may be more dependent on relatively few industries that may be highly vulnerable to local and global changes. Governments may be less stable and present greater risks of nationalization or restrictions on foreign ownership of stocks of local companies.

Middle-Market Companies. Investments in middle-market companies such as those in which the Registrant may cause a Client to invest, may also entail larger risks than are customarily associated with investments in large companies. Middle-market companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private equity investments generally, and the generally greater illiquidity of private investments in middle-market companies, could make it difficult for the Registrant to react quickly to negative economic or political developments.

Concentration of Investments. Although the Registrant will follow a general policy of seeking to spread invested capital among a number of investments, its investment strategies may result in a high concentration of a limited number of investments. With regard to the Select Strategy, the percent of each investor's investment in any one investment is determined by such investor. This will result in an investor being economically exposed to only a handful of select investments.

Reliance on Other Advisers. In implementing its investment strategy, the Registrant may rely on one or more advisers unaffiliated with the Registrant to provide specific company, industry, geography and other similar information. There is no assurance that any such advisers will be available to the Registrant, and if such advisers or suitable replacements are not available, the Registrant's ability to implement its investment strategy may be adversely affected.

Highly Competitive Market for Investments. The business of identifying, negotiating, acquiring, monitoring, managing and selling investments is highly competitive, and involves a high degree of uncertainty. The Registrant will encounter competition from other persons or entities with similar investment objectives and strategies as the Clients. These competitors may

include other investment partnerships and corporations, large industrial and financial companies investing directly or through affiliates, and other investors of various types and individuals.

Liquidity Risks. The liquidity of a Client's investments may be limited. As a result, the Registrant may be unable to effectively dispose of certain assets, on favorable terms or at all, which could adversely affect a Client's returns to investors. The existence of other market participants seeking to dispose of similar assets at the same time could also adversely affect the ability of the Client to sell similar assets and the ability of the Registrant to prevent losses with respect thereto.

Illiquid Investments. Because of the nature of the Registrant's investment strategies, certain investments (especially those in financially distressed companies) may have to be held for a substantial period of time before they can be liquidated to a Client's greatest advantage or, in some cases, at all. In addition, a Client may hold a significant number of securities for which no market exists and which have restricted transferability under federal or state securities laws, and it may be able to dispose of these securities only at substantial discounts or losses.

Regulatory Development Risk. Legal and regulatory changes could occur that may adversely affect the Registrant and its investment strategies. For example, the legal and regulatory environment for derivative instruments is evolving, and changes in the regulation of derivative instruments may adversely affect the value of derivative instruments held by a Client and the ability of the Registrant to pursue its trading strategies. Similarly, the regulatory environment for hedge funds and other pooled investment vehicles is evolving, and changes in the direct or indirect regulation of hedge funds and other pooled investment vehicles may adversely affect the ability of the Registrant to manage a Client's investment objectives and/or trading strategies. In addition, certain jurisdictions have imposed restrictions and reporting requirements on short selling. Further, regulators and exchanges are authorized to regulate trading or other activity with respect to certain markets and may impose other restrictions which could have significant adverse effects on a Client's portfolio and the ability of the Registrant to pursue its investment strategies on behalf of the Client and achieve the Client's investment objective. It is impossible to predict what additional interim or permanent government restrictions may be imposed on the markets and/or the effect of such restrictions on the strategies employed by the Registrant. However, the Registrant believes that regulation of the financial markets may be significantly increased and that such increased regulation could have a material adverse effect on its strategies.

Economic and Regulatory Climate. Changing markets and economic conditions, and other factors such as changes in federal or state tax laws, federal or state securities laws or accounting standards, may make corporate reorganizations and recapitalizations or other similar transactions less desirable or may make the investment strategies engaged in by the Registrant, less profitable or unprofitable.

Deterioration of Credit Markets and Volatility. Each Client is subject to risk associated with a deterioration in the global credit markets as well as changes in market volatility. For example, in 2008, events in the sub-prime mortgage market and other areas of the fixed-income markets caused significant dislocations, illiquidity and volatility in the structured credit, leveraged loan, high-yield and sovereign bond markets, as well as in the wider global financial markets. These forces resulted in the bankruptcy or acquisition of, or government or central bank assistance to, several major domestic and international financial institutions and sovereigns. These factors,

combined with volatile commodity prices and foreign exchange rates, contributed to recessionary economic conditions globally and a loss of investor confidence in the financial system, which resulted in a significant lack of liquidity and general decline in asset values. The deterioration of the global credit markets made it more difficult for financial sponsors to obtain favorable financing for their equity investments and for certain governments to obtain favorable rates on sovereign debt issuances. These conditions had an adverse impact on the availability of credit to businesses generally and led to an overall weakening of the U.S. and global economies. A global recession of a similar or different nature or scale could adversely affect a Client's investments, and in the event of defaults, the Client could lose both invested capital in and anticipated profits from the affected investments.

Market Disruptions. The Registrant's investment strategies may incur losses in the event of disrupted markets and other extraordinary events in which historical pricing relationship become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to a Client from its banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses with respect to the Client. Market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for a Client, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. The Registrant may deviate from a Client's investment objective and strategies during periods of market disruption.

Temporary Defensive Investments. For temporary defensive purposes, the Registrant may invest outside the scope of its principal investment focus. Under such conditions, the Registrant may invest without limit in money market and other investments and may not invest in accordance with its investment objective or investment strategies and, as a result, may not achieve its investment objective.

Non-Controlling Interests. The Registrant will generally not seek to take legal or management control of issuers. Such policy will limit the ability of the Registrant to influence the management of the issuer or to elect a representative to the issuer's board of directors or other governing body, potentially increasing the risk of such investments. In addition, the management of the issuer or its shareholders may have economic or business interests, which are inconsistent with those of the Registrant, and they may be in a position to take action contrary to the Registrant's objectives.

Uncertainty of Financial Projections and Projected Returns. The Registrant may determine the suitability of investments based in part on financial projections. Projections, forecasts and estimates are forward-looking statements and are based upon certain assumptions. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. In addition, prospective investors should note that projected performance is not indicative of future results and there can be no assurance that the projected results or expected returns will be achieved or that the Client will be able to effectively implement its investment objective. There is no guarantee that the conditions on which the Registrant's assumptions are based will materialize or otherwise be applicable to the Client's investments. In addition, events or conditions, including changes in general market conditions, which may not

have been anticipated or which are otherwise not foreseeable, may occur and have a significant impact on the actual rate of return received with respect to the Client's investments. Accordingly, actual results may vary significantly from the Registrant's projections and expected returns.

Effects of Bankruptcy. The Registrant may make investments in portfolio companies that are or may become the subject of voluntary or involuntary bankruptcy proceedings under applicable bankruptcy laws. Certain risks that are faced in bankruptcy cases that must be factored into the investment decision include, for example, the potential total loss of any such investment. Upon confirmation of a plan of reorganization under applicable bankruptcy laws, or as a result of a liquidation proceeding, a Client could suffer a loss of all or a part of the value of its investment in a portfolio company. A bankruptcy filing may adversely and permanently affect a portfolio company. The portfolio company could lose market position and key employees, and the liquidation value of the portfolio company may not equal the liquidation value that was believed to exist prior to the making of the initial investment.

Hedging Transactions and Strategies. The Registrant may, but is not required to, engage in various portfolio strategies (including the purchase and sale of securities and other instruments other than those of Indian companies) to seek to hedge against movements in the equity markets, interest rates and exchange rates between currencies by the use of options, financial futures, options on futures and forward currency transactions. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus, moderating the decline in the portfolio positions' value. Such hedge transactions also limit the opportunity for gain if the value of the portfolio position should increase. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, the Registrant may not seek or be able to establish a sufficiently accurate correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Registrant from achieving the intended hedge or expose a Client to risk of loss. Hedging may be employed to limit certain market risks and credit risks.

Suitable hedging instruments may not be available with respect to securities of issuers outside India on a timely basis and on acceptable terms. Furthermore, even if hedging techniques are available, the Registrant may only engage in hedging activities from time to time and may not necessarily be engaging in hedging activities when market or currency movements occur. In addition, utilization of options and futures transactions involves the risk of imperfect correlation in movements in the price of options and futures and movements in the price of the securities, interest rates or currencies which are the subject of the hedge. Hedging transactions in foreign markets are also subject to the risk factors associated with foreign investments generally, as discussed herein. U.S. dollar denominated securities may not be available in some or all of the Approved Nations, that the forward currency market for the purchase of U.S. dollars in most, if not all, such Approved Nations is not highly developed, and that, in certain Approved Nations, no forward market for foreign currencies currently exists or such market may be closed to investment by a Client.

Cybersecurity Risk. With the increased use of technologies, such as the Internet, to conduct business, the Registrant, counterparties of each Client, the Clients, the Board, and the General Partners are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting the Registrant and other service providers (including, but not limited to, accountants, custodians, transfer agents and financial intermediaries) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the ability to calculate net asset values, impediments to trading, the inability of investors to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting investments, counterparties with which the Registrant engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for investors) and other parties. In addition, substantial costs may be incurred by the Clients and investments in order to prevent any cyber incidents in the future. While the Registrant and, the Registrant believes, the Clients’ other significant service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Registrant cannot control the cyber security plans and systems put in place by its service providers or any other third parties whose operations may affect Clients and investors. The Registrant and its Clients could be negatively impacted as a result.

2. Risks Related to Investments in Indian Companies

With the exception of the Matrix Fund, all of the Registrant’s Clients and strategies focus primarily on investment in or related to the Republic of India.

Changes in India’s Political, Social and Economic Climates. Risks associated with investments in India, including but not limited to the risks described below, could adversely affect the performance of a Client and result in losses. No assurance can be given as to the ability of a Client to achieve any return on its investments.

Since 1991, the Government of India has pursued an economic liberalization process, and the government recognizes that in order to maintain rapid economic growth and attract capital, priority must be given to improve the economic environment. The policy makers appreciate the need for private capital to fund the gap between capital needs and available financing from public funds and borrowings. The availability of investment opportunities for a Client depends on continued dedication of the Government of India to continue the liberalization policies and encouragement of private sector investment. However, the future course of such liberalization policies cannot be predicted and changes in India’s economic liberalization and deregulation policies could harm business and economic conditions in India generally and a Client’s

investments. The future performance of a Client may be affected by possible changes effected by current or future governments, including specific laws and policies affecting foreign investment, import tariffs, currency exchange rates and other matters affecting investment by a Client. In either case, prices of securities of Indian companies could fail to appreciate as anticipated and, in fact, could decline, thereby impairing the ability of a Client to achieve its investment objective of capital appreciation and potentially subjecting an investor to risk of loss of its capital contributions.

General Economic Risks. Changes in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally. There could also be adverse effects if new restrictions in the private sector are introduced or if existing restrictions are not relaxed over time. Notwithstanding current policies of economic liberalization, the roles of the Indian central and state governments in the Indian economy as producers, consumers and regulators have remained significant and the pace of such liberalization could change, and specific laws and policies effecting taxation, foreign investment, currency exchange and other matters affecting a Client's investments could change as well. Further, the laws and policies affecting the various investments held by a Client could change, adversely affecting the values or liquidity of securities. General macro-economic conditions, such as interest rates, the availability of alternate sources of financing and participation by other categories of investors may adversely affect the operations of a Client, including the value and the number of investments made by a Client.

Political, Ethnic, and Social Tensions. India is a country that comprises diverse religious and ethnic groups. It is the world's most populous democracy and has a well-developed and stable political system. From time to time, however, India has experienced, and continues to experience, political tensions within its borders and from neighboring countries. Such tensions may adversely affect economic activity in India and thereby affect a Client. In addition, the consequences of any conflicts arising from these tensions are unpredictable and unforeseeable by the Registrant.

Slowdown in India's Economic Growth and Inflationary Pressures. The Registrant's investment strategies depend on the performance of the Indian economy; thus, any slowdown in the Indian economy could negatively affect the performance of those strategies.

Inflation in India has been relatively high over the last several years, and there is no assurance that inflation rates will not continue to be at the higher end. High inflation may lead to the adoption of corrective measures designed to moderate growth, regulate prices of staples and other commodities and otherwise contain inflation, and such measures could inhibit economic activity in India and thereby possibly adversely affect the investments of a Client. Inflation may also directly affect the investments of a Client by raising operating costs, reducing the returns on the investments of a Client. In addition, high inflation may adversely affect taxation of the investments of a Client.

Trade Relationships with Other Countries. India's trade relationships with other countries may influence Indian economic conditions. For example, if trade deficits increase or are no longer manageable, the Indian economy, and with it the performance of the Registrant's investment strategies, could be adversely affected.

Exchange Rate Fluctuations. The exchange rate between the Indian Rupee and the U.S. Dollar has fluctuated substantially in recent years and may fluctuate substantially in the future. Such fluctuations may adversely affect the value of a Client's investments. Specifically, if the relative value of the Indian Rupee to the U.S. Dollar declines, each of the following values will also decline:

- the U.S. Dollar equivalent trading price of the equity shares invested in Indian companies;
- the U.S. Dollar equivalent of the proceeds that a Client would receive upon the sale of any of the equity shares invested in Indian companies; and
- the U.S. Dollar equivalent of cash dividends, if any, paid on interests in Indian companies.

Indian Securities Markets. The Securities and Exchange Board of India ("SEBI") is responsible for setting disclosure and other regulatory standards for the Indian securities markets. While the SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters, the level of regulation, monitoring and reporting requirements imposed by the SEBI on the Indian securities market and Indian companies may be less stringent than those imposed by regulatory authorities and stock exchanges in developed countries such as the United States. Thus, there may be less publicly available information about Indian companies than is regularly made available in many developed countries. As a result, the Registrant may have less access to information about the operations and financial conditions of companies listed on Indian stock exchanges than investors would have in the case of companies subject to the reporting requirements of other countries.

The capital markets of India are generally volatile and less mature, and a limited number of stocks represent a relatively large percentage of the total market capitalization and trading value. The regulations governing the Indian securities markets are evolving.

In recent years, Indian securities markets have witnessed substantial improvements in trading systems and infrastructure. These include the use of screen based automated trading systems by major stock exchanges, dematerialization of scrips (leading to reduced risk of bad deliveries), introduction of rolling settlement by SEBI (leading to reduced volatility), and introduction of online trading for dealing in securities on Indian stock exchanges (which has led to better dissemination of information and increased depth in the markets).

However, as the Indian economy and the capital markets get more integrated with the global markets, the impact of exogenous factors on the Indian markets cannot be ruled out, and may cause volatility. There has been some evidence of this phenomenon in the recent past. While the systems today are more robust and resilient to absorb such shocks, a Client's ability to liquidate its holdings may be affected in the short term.

Takeover Prohibitions. Indian takeover regulations contain certain provisions that may delay, deter or prevent a future takeover or change in control of Indian companies. For example, in certain sectors, persons acquiring an interest (either on its own or together with parties acting in

concert with it) above certain thresholds of a company's outstanding voting equity shares must make an open offer to acquire additional These provisions may discourage or prevent a third party from acquiring control of an Indian company, even if a change in control would result in the purchase of equity shares of such company at a premium to the market price or would otherwise be beneficial.

Indian Accounting Standards. Significant differences exist between financial statements prepared in accordance with Indian Generally Accepted Accounting Principles ("Indian GAAP"), and financial statements that are prepared according to U.S. GAAP. Individually or in the aggregate, the effect of such differences may be material for the consolidated or non-consolidated financial statements prepared on the basis of U.S. GAAP as compared to those prepared on the basis of Indian GAAP. The degree to which the Indian financial statements included in an Indian company's annual accounts will provide meaningful information to a security holder in the U.S. or other countries depends on the reader's level of familiarity with Indian accounting practices. Since Indian companies do not prepare financial statements in accordance with U.S. GAAP, the Registrant can make no assurance that the differences would or would not give rise to material differences between financial statements prepared in accordance with Indian GAAP and financial statements prepared in accordance with U.S. GAAP.

Outbreaks of Infectious or Contagious Diseases. Outbreaks of disease such as the outbreak of severe acute respiratory syndrome, or SARS, which occurred in parts of East and South-East Asia and elsewhere in 2003, or other infectious diseases such as bird flu, which occurred in some parts of India in 2007, could have a negative effect on the economies, financial markets and business activities of many countries, including India.

Indian Market Liquidity and Volatility. Indian securities markets are smaller, less liquid and hence more volatile than securities markets in more developed economies. In the past, Indian stock exchanges have experienced substantial fluctuations in the price of listed securities.

Indian Stock Exchanges. Indian stock exchanges have experienced circumstances and operating difficulties that have affected the market price and the liquidity of securities of Indian companies. These issues have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have occasionally restricted securities from trading, limited price movements and restricted margin requirements. Disputes have also occurred between listed companies, the Indian stock exchanges and other securities regulatory bodies that have had a negative effect on market sentiment. Similar problems could occur in the future and, if they do, they could harm the market price and the liquidity of the investments.

Economic and Securities Market Volatility in Other Countries. The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. For instance, the economic downturn in the United States and several European countries adversely affected market prices in the world's securities markets, including the Indian securities markets. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets. If the United States and several European countries fail to recover from any economic downturns, or such downturns intensify or recur, they

could cause further declines in market prices of securities of companies located in India and other developing countries.

Outsourcing Risks. As India is one of the world's largest providers of outsourcing services, the Indian economy is subject to certain risks associated with the outsourcing industry. Government officials in the U.S. and Europe are considering proposals that may curb the growth of offshore outsourcing. Any such limitations on the ability of U.S. and European companies and government agencies to take advantage of the outsourcing industry in India may adversely affect the Indian economy; thus, any slowdown in the Indian economy could negatively affect value and prospects of a Client's investments.

Illiquidity of Investments. Investments in Indian companies may be in the form of securities that are subject to restrictions on resale. Other practical limitations may inhibit the Registrant's ability to sell or distribute the securities of Indian companies. Sales of securities of Indian companies may also be limited by the overall condition of the financial market. The liquidation of investments, if required, may have an adverse impact on a Client's performance.

Regulatory Risks. The regulatory environment for the Registrant and a Client is evolving, and changes in regulation may adversely affect the value of the investments held by the Client and the ability of the Registrant to obtain leverage on behalf of the Client or to pursue its strategies. The effect of any future regulatory change on the Registrant or a Client is difficult to predict but could be substantial and adverse. Certain governmental approvals may be required before the Registrant or a Client can make investments in Indian companies, Indian real estate projects or other investments. In addition, regulatory investment restrictions applicable to a Client may impede its ability to invest in certain companies, sectors or industries. Any issuance of warrants, partly paid shares or redeemable/optionally convertible preference shares/debentures by an Indian company to a Client may be subject to regulatory approvals. Further, any investments by the Client in an Indian company would be subject to the foreign exchange laws of India, including the rules, regulations and notifications issued by the Department of Industrial Policy and Promotion and Reserve Bank of India, as amended from time to time. It is possible that the Registrant or a Client may not be able to obtain all or some of these governmental approvals. In addition, registration of an affiliate of the Registrant as a Foreign Portfolio Investor ("FPI"), which allows the Registrant to trade in public Indian securities, is subject to periodic renewal by the SEBI. Accordingly, there can be no assurance that the affiliate will be able to retain its FPI registration.

Taxation Risks. The tax laws relevant to a Client and its investments are subject to change, and tax liabilities could be incurred by the Client or its investors as a result of such changes. Such tax consequences may be complex, and the full tax impact will depend on circumstances particular to a Client, each investor and the additional peculiarities associated with the activities of each Indian company and Indian real estate project.

Indian Legal System. The Indian civil judicial process to enforce remedies and legal rights is relatively less developed and subject to delays. Enforcement by a Client of civil rights under the laws of a jurisdiction other than India may be adversely affected by the fact that they may have significant assets in India and the enforcement of the rights against such assets in India will be subject to the delays and other limitations of the Indian judicial system. In addition, the Registrant or a Client may have difficulty enforcing judgments against Indian companies.

3. Designated Investments - Private Equity and Real Estate Risks

The following risks apply primarily to Designated Investments – primarily private equity and real estate investments – held by the India Fund and DI Fund unless otherwise noted.

Unquoted and Minority Interests. The Registrant's DI strategies will involve investment directly or indirectly in the securities of unquoted companies. Investments in companies the securities of which are not quoted can involve a greater risk than investments in quoted companies, and that the ability of a minority investor, such as a Client, in such companies to influence the affairs of the company or to protect the Client's position is limited. The Registrant may not obtain representation on the board of directors or any control over the management of any company in which a Client may invest and the success of each investment would thus depend on the ability and success of the management of the portfolio companies in addition to economic and market factors. Moreover, the potential exit routes from interests in unquoted securities are more limited and include a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market. However, there can be no guarantee that an exit can be found for any investment.

Investments in Joint Ventures. The Registrant may cause a Client to co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third party involvement, including the possibility that a third party co-venturer may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of a Client, or may be in a position to take (or block) action in a manner contrary to a Client's investment objective. In addition, a Client may in certain circumstances be liable for the actions of its third party co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Control Person Liability. The Registrant's strategies may involve holding controlling interests in certain of its portfolio companies. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws) and other types of liability for which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to arise, a Client might suffer a significant loss. In addition, principals of the General Partners, the Registrant and/or their affiliates may serve as directors of certain of the portfolio companies, and as such, may have duties to persons other than the Clients.

Risks Associated with Change in Control Transactions. The Registrant may make debt and equity investments in companies in connection with acquisitions, buyouts and recapitalizations, which will subject a Client to the risks associated with change in control transactions. Change in control transactions often present a number of uncertainties. Companies undergoing changes in control often face challenges retaining key employees, and maintaining relationships with customers and suppliers. If any portfolio companies experience one or more of these problems, a Client may not realize the value expected in connection with its investments, which would likely harm its operating results and financial condition.

PIPE Transactions. There are a number of risks specific to engaging in “private investment in public equity,” or “PIPE,” transactions. Generally, PIPE transactions are privately negotiated between the Registrant and each particular company or its representatives, and there are no assurances that the Registrant will obtain the best terms possible or will obtain terms as favorable as other parties privately negotiating with such company or representatives. There can be no assurances that the companies will ever issue registered shares, or that any registration statement filed by the companies will ever be declared effective by the appropriate regulatory body. Even if the shares are registered, they may be illiquid or thinly traded, which would impede the ability of the Registrant, if it so desired, to dispose of the shares held by a Client quickly or in a timely manner. Further, pursuant to the terms between a Client and the company, a Client may be subject to volume and trading restrictions, meaning that it may only be able to sell or dispose of a limited number of shares of the company each week (or other period). In addition, depending on the number of shares owned by a Client, the Client may become an affiliate of the company. If that were to occur, the Client may be subject to reporting requirements, restrictions on the ability to sell or dispose of the shares, and may be deemed to be an “insider” of the company.

There are also risks associated with determining the value of the shares held by a Client. The Registrant will receive only limited information, including limited financial information, about certain of the companies whose shares are owned by a Client.

Each PIPE transaction is privately negotiated with a particular company or its representatives, and so there may be significant variations between the terms of one transaction in which a Client has entered with another. For example, there may be no uniformity as to the period of time following the execution of the transaction in which a Client is expected to receive registered shares of common stock of the company, which the Client may then sell. (In addition to the India Fund and DI Fund, the Matrix Fund and FinSec Fund may also engage in PIPE transactions.)

Investments in Restructurings. The Registrant may make investments in restructurings which involve portfolio companies that are experiencing or expecting to experience financial difficulties. These financial difficulties may never be overcome and may cause any such portfolio company to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject a Client to certain additional potential liabilities that may exceed the value of a Client’s original investment therein. For example, under certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to a Client and any related distributions by the Fund to its investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court’s discretionary power to disallow, subordinate or disenfranchise particular claims.

Risks in Effecting Operating Improvements. In some cases, the success of the Registrant’s investment strategies will depend, in part, on the ability of the Registrant to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails

a high degree of uncertainty. There can be no assurance that the Registrant will be able to identify or implement such restructuring programs and improvements successfully.

Investments in Less Established Companies. The Registrant may invest a portion of a Client's assets in the securities of less established companies. Certain of a Client's investments may be in businesses with little or no operating history. Investments in such early-stage growth companies may involve greater risks than are generally associated with investments in more established companies. To the extent there is any public market for the securities held by a Client, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources, and are therefore often more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow.

Follow-On Investments. A Client may be called upon to provide follow-on funding for its portfolio companies or have the opportunity to increase its investment in such portfolio companies. There can be no assurance that the Registrant will wish to make follow-on investments or that a Client will have sufficient funds to do so. Any decision by the Registrant not to make follow-on investments or a Client's inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish the Registrant's ability to influence the portfolio company's future development.

Risk of Limited Number of Investments; Lack of Diversification. The number of Designated Investments in which a Client may invest may be limited and, as a consequence, the aggregate return of the Client may be dependent on a handful of Designated Investments (and, therefore, may be materially adversely affected by the unfavorable performance of even a single Designated Investment). In addition, for Designated Investments where the General Partner intends to sell down or refinance all or a portion of the capital invested (directly or by selling assets), there is a risk that such sell down or refinancing may not be completed, which could result in a single Designated Investment representing a larger percentage of investment and asset type than desired for a strategy. To the extent that a strategy concentrates investments in a particular issuer, security or geographic region, its Designated Investments will become more susceptible to fluctuations in value resulting from adverse economic to business conditions affecting that particular issuer.

Time Required for Investments to Mature. The Registrant attempts to invest available funds as rapidly as is consistent with the investment objective of a Client. Illiquid investment in which a Client may invest typically take a significant period of time to reach a state of maturity at which liquidation can be considered. It is unlikely, for example, that any significant distributions of the proceeds from the liquidation of Designated Investments will be made for several years after any such investment.

Currency Risks. Most, if not all, of a Client's assets will be invested outside the U.S., and income received by the Client from such investments may be in non-U.S. currencies. Nevertheless, the Registrant will compute the performance results of a Client and any other calculations and distribute its income in U.S. dollars. In addition, governments may exercise foreign currency controls that may materially adversely affect the Registrant and the Clients in

various circumstances that cannot be foreseen at the present time. A Client may also incur costs in connection with conversions between different currencies.

Real Estate Industry Risk. To the extent that a Client invests in real estate, the Client will be subject to the risks associated with investing in real estate, which include, without limitation, possible declines in the value of real estate, adverse general and local economic conditions, possible lack of availability of mortgage funds, changes in interest rates, and environmental problems.

Real Estate Risks Generally. Deterioration of real estate fundamentals will negatively impact the performance of a Client. Such changes in fundamentals could involve fluctuations as a result of general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, changes in environmental and zoning laws, casualty or condemnation losses, environmental liability, regulatory limitations on rents, decreases in property values, changes in the appeal of properties to tenants, the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable, increased mortgage defaults, natural disasters, increases in borrowing rates and other factors that are beyond the control of the General Partner and the Registrant. The value of securities of companies that service the real estate business sector may also be affected by such risks.

Indian Real Estate Market Risks. The Indian real estate market is not very well developed. The market for real estate is also, in general, less liquid than the market for securities. In addition, often in the past real estate development projects have been mired in controversies on various grounds such as defective title to the land, alleged violation of zonal and legal regulations etc., resulting in long delays in the completion of such projects. If such problems were to occur with respect to Designated Investments, it may adversely affect the value of the investment of a Client. Furthermore, changes in various laws such as laws relating to ceilings on land holdings, rent control, zoning regulations and duties and taxes on sale, transfer and the holding of properties may affect the supply of and demand for real estate, thus affecting the value of any real estate investments made by a Client. Real estate development is a highly competitive business that may involve significant risks for a Client and thus have an adverse effect on a Client. These include:

- The Indian real estate market is not very transparent. As a result, it may be difficult to determine market value for properties that are under consideration for purchase by a Client. Consequently there can be no assurance that the Registrant would be able to readily set an appropriate value to investments proposed to be made by a Client.
- Risks generally associated with changes in general or local market conditions, competition for buyers and tenants of property and the cyclical nature of the property markets. Any reduction in demand or increase in the supply of real estate or potential reduction in demand or increase in the supply of real estate (whether developed or undeveloped) may lead to periods of oversupply and result in lower sale prices. Newly developed real estate projects may be disproportionately affected by fluctuations in demand and supply.

- The long lead time between project inception and completion may lead to well-conceived projects becoming unviable due to changes in market conditions before project completion.
- The acquisition of real estate is subject to a wide variety of risk, including without limitation, risks related to status of title (title records provide only presumptive, not conclusive, title, and are often maintained only manually), environmental approvals, zoning laws, building codes or other laws. Properties may be acquired by a Client with no recourse, or with limited recourse, with respect to unknown liabilities or conditions. Indian laws allow a statutory time frame of up to thirty years to raise disputes with respect to immovable properties. Any acquisition of land may also result in exposure to disputes with tenants or others claiming to have acquired rights, title, or interest in the land by virtue of laws of estate succession. Consequently if a property is subject to any liability, or if any adverse condition exists with respect to any property, a Client may be required to pay substantial sums to settle or cure it, and this could adversely affect the return or investments for the Client.
- A Client may incur significant costs while bidding for projects which may be finally awarded to other bidders. Also, projects may not materialize after significant costs have been sunk, thereby incurring costs on which no return is obtained.
- Cost and time overruns may occur during project development by a Client for a number of reasons, including constraints on labor, additional capital, raw or finished materials, or natural events. This may lead inter alia, to increased costs, potential loss of purchasers and the possibility of defaults under financing arrangements between Designated Investments and their lenders, which may adversely affect the profitability of the Designated Investment and consequently the ability of the Designated Investment to distribute expected returns to a Client.
- Performance of Designated Investments may be dependent on the performance of third party contractors and service providers and not upon the Registrant's personnel for the purchase, development and management of real estate projects. Accordingly the failure of any third-party contractor or service provider may negatively affect the performance of Designated Investments.
- Regulatory approvals and consents of third parties, if any, required by Designated Investments may cause significant delays in the project completion process, exacerbating the risk that changes in market conditions may render a project economically unattractive. There can be no assurance that any such approvals and consents will be obtained in a timely manner, if at all. In addition, regulatory enactments and pronouncements, including, but not limited to, various permitting or licensing requirements, or changes in their interpretation by the relevant authorities, may limit the ability of the Registrant to develop, manage or dispose of properties in a manner that would be most advantageous to a Fund.

Regulatory and Statutory Approval Risk. The planning and development norms in the real estate sector are highly influenced by the prevailing regulatory regime and are often subject to

changes which may lead to delays or changes in plans and may adversely affect the profitability of such investments. Real estate investments are often complex and require various statutory approvals and consents including those related to environment and social issues. Any delay or failure in obtaining such approvals could result in delays and may adversely affect the profitability of such investments.

Real Estate Business is Subject to Extensive Government Regulation in India. The real estate sector in India is heavily regulated by the central, state and local governments. Several legislations passed by the central government, empower the state governments by way of delegation, to frame their own rules and regulations. Consequently, various state governments and local bodies have legislated on areas governing several vital aspects, such as prohibition on acquisition of lands, prescribing limits on acquisition by imposing ceiling limits, development of land and buildings, specifying norms relating to construction, floor area ratio or the floor space index, etc. which are not uniform and often vary from state to state. In addition, most state governments have passed laws relating to stamp duty payable on instruments relating to transfer of property and as well as tenancy matters. Real estate developers are required to comply with a number of requirements mandated by Indian laws and regulations, including policies and procedures established by local authorities and designed to implement such laws and regulations. Developing and completing a real estate project has become more complex due to the enactment of various legislations and regulations which are often complicated. Developers are required to obtain numerous approvals, permits and licenses from various authorities concerned at different stages of project development, and developments may have to qualify for inclusion in local master plans. The plethora of legislation often results in delay in obtaining the relevant approvals for development of real estate, consequently increasing the costs associated with a project. There may also be refusals and delays on the part of administrative bodies in reviewing applications and granting approvals, thereby substantially affecting a Client's investment results. Finally, the federal and state governments may exercise rights of eminent domain or compulsory purchase for any number of reasons, including infrastructure development, which could require relinquishment of land with minimal compensation.

Limitations on Foreign Direct Investment. The government of India has attached certain conditions for Foreign Direct Investment in real estate investments. There is no guaranty that the Registrant or a Client will be able to meet all of these conditions with respect to each prospective real estate investment.

Construction Risk. A real estate project may carry construction risk, which might result in time and cost over-runs. This may affect the profitability or the viability of such projects.

Political Risk. Real estate by its nature involves the provision of essential services to the economy and its population and therefore generally has significant political risk associated with investment in the sector. The development and financing of individual real estate investments by a Client may require a specific commitment from the Indian government to levy economically viable user charges and to redefine its role from that of a service provider to that of a facilitator. There is an element of risk associated with the Indian government's involvement in such investments.

Role of Real Estate Professionals. The success of the Registrant's investment strategies will depend in part upon the skill and management expertise of the Registrant's real estate professionals. There can be no assurance that such professionals will continue to be associated with the Registrant or its affiliates throughout the Client's engagement or that any replacements for such personnel will perform as well.

Environmental Liabilities. A Client may be exposed to substantial risk of loss arising from investments involving undisclosed or unknown environmental problems, health or occupational safety matters, or inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. Under the laws, rules and regulations of various jurisdictions, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances, including asbestos, on or in such property. Such laws may impose joint and several liability, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. Such liability may also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances and the person bearing liability may incur substantive costs in defending claims of liability. The cost of any required remediation and the owner's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on a Client's return from such investment. Environmental claims with respect to a specific investment may exceed the value of such investment, and under certain circumstances, subject the other assets of a Client to such liabilities. In addition, some environmental laws create a lien on contaminated property in favor of governments or government agencies for costs they may incur in connection with the contamination.

The ongoing presence of environmental contamination, pollutants or other hazardous materials on a property (whether known at the time of acquisition or not) could also result in personal injury (and associated liability) to persons on the property and persons removing such materials, future or continuing property damage (which may adversely affect property value) or claims by third parties, including as a result of exposure to such materials through the spread of contaminants.

In addition, a Fund's operating costs and performance may be adversely affected by compliance obligations under environmental protection statutes, rules and regulations relating to investments of the Fund, including additional compliance obligations arising from any change to such statutes, rules and regulations. Statutes, rules and regulations may also restrict development of, and use of, property. Certain clean-up actions brought by state, country and local agencies and private parties may also impose obligations in relation to investments and result in additional costs to a Fund.

4. Risks Associated with Swaps, Options, and Other Derivative Contracts

The risks associated with swaps, options, and other derivative contracts generally apply to Select Strategy/Fund Participants and the Matrix Fund, and may also apply, at various times and to a lesser extent, to the India Fund and the FinSec Fund.

Derivatives Risks Generally

Trading in the derivatives markets presents certain risks in addition to those found in the securities markets.

The swap markets are generally not currently regulated by any U.S. or foreign governmental authorities. Although banks and dealers, which are participants in these markets, are regulated in various ways by U.S. and foreign banking and securities authorities, they generally do not regulate the swap markets. There are no current limitations on daily price movements in swap, option and other derivative contracts. Speculative position limits are not currently applicable to swap, option and other derivative contracts trading.

To enter into a swap agreement, the Clients will enter into a form of ISDA Master Agreement. The ISDA Master Agreement has “events of default” and “termination events” and an unwind methodology that is applicable to both parties. If an “event of default” or “termination event” occurs with respect to either party, the non-defaulting or non-affected party will have a right to designate an “early termination date,” and the party will use a standard valuation methodology in the ISDA Master Agreement to determine the termination price for all the derivative transactions. Depending upon the market conditions when the early termination date is designated, the unwind price may be zero, and the Clients may lose their entire investment in derivatives.

Participants in the derivatives markets are not currently required to make continuous markets in the contracts they trade. There have been periods during which certain participants in these markets have refused to quote prices for swap, option and other derivative contracts or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and the price at which they are prepared to sell.

Trading in the derivatives markets generally involves the extension of credit by a participant to its counterparty. In general, the counterparties with which the Registrant will cause a Client to trade require initial collateral deposits. However, a Client typically will not receive initial collateral deposits from its counterparties. Typically, a Client and its counterparties will periodically exchange collateral to secure mark-to-market valuations of swap, option and other derivative contracts.

The over-the-counter (“OTC”) derivatives markets are “principals’ markets,” in which performance with respect to a swap, option and other derivative contracts is the responsibility only of the counterparty with which the trader has entered into a contract (or its guarantor, if any), and not of any exchange or clearinghouse. As a result, a Client will be subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the principals with which the Client trades. Any failure or refusal of a swap, option or other derivative counterparty, whether due to insolvency, bankruptcy, default, or other cause, could subject a Client to substantial losses.

A Client will not be excused from the performance of any swap, option or other derivative contracts into which it has entered due to the default of third parties in respect of swap, option and other derivative contracts or other transactions which were to have substantially offset such contracts.

The Dodd-Frank Act includes provisions that comprehensively regulate the OTC derivatives markets for the first time. The implementation of the Dodd-Frank Act will occur based on the adoption of various regulations and reports to be prepared by various administrative agencies over a period of time. The Dodd-Frank Act requires that a substantial portion of OTC derivatives must be executed in regulated markets and submitted for clearing to regulated clearinghouses. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible SEC- or CFTC-mandated margin requirements. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. OTC derivative dealers will also be required to post margin to the clearinghouses through which they clear their customers' trades instead of using such margin in their operations, as they currently are allowed to do. This will further increase the dealers' costs, which costs are expected to be passed through to other market participants in the form of higher fees and less favorable dealer marks. The SEC and the CFTC may also require a substantial portion of derivative transactions that are currently executed on a bi-lateral basis in the OTC markets to be executed through a regulated securities, futures, or swap exchange or execution facility. Such requirements may make it more difficult and costly for investment funds, including a Fund, to enter into highly tailored or customized transactions.

P-Notes Risks Generally

P-Notes are a type of equity-linked product that constitutes general unsecured contractual obligations of the counterparty that issues them (a "P-Note Issuer"). Generally, the issuer buys securities listed on certain Indian stock exchanges and then issue P-Notes which are designed to replicate the performance of certain issuers and markets. The performance results of P-Notes will not replicate exactly the performance of the issuers or markets that the notes seek to replicate due to transaction costs and other expenses. As a result, returns on P-Notes will be less than a direct investment in the underlying security. The return on a P-Note that is linked to a particular underlying security may be increased to the extent of any dividends paid in connection with the underlying security. P-Notes present similar risks to investing directly in the underlying security. Additionally, P-Notes entail the same risks as other over-the-counter equity-linked products. These include the risk that the counterparty or issuer of the P-Note may not be able to fulfill its obligations, that the holder and counterparty or issuer may disagree as to the meaning or application of contractual terms, or that the instrument may not perform as expected. Additionally, there is no guarantee that a liquid market will exist or that the counterparty or issuer of a P-Note will be willing to repurchase such instrument when the Fund wishes to sell it.

The use of P-Notes subjects the Fund to additional levels of expenses. Each Shareholder will bear its pro rata share of any P-Note Issuer's fees associated with the P-Notes, expected to be approximately 30 basis points charged at the time of both purchase and sale. As a result, the returns on the investments will be lower than if the Fund had invested directly in the Indian market, and as such the Fund may not be appropriate for clients that can invest directly in India. Shareholders

will also be subject to default risk if the custodian or other counterparty enters bankruptcy or otherwise default on its obligations to the Fund.

SEBI has prescribed mandatory reporting requirements for the P-Note Issuers. The reporting requirements necessarily require the P-Note Issuers to disclose details of all transactions pertaining to the P-Notes, name and details of the subscriber of the P-Note. In the recent past, there has been regulatory scrutiny of investments through P-Notes. The Government of India and its agencies have constituted various committees to examine the desirability of P-Notes as an indirect method for foreign investors to access the economic benefits of Indian securities. The RBI, the central bank of India, has recommended that P-Notes be abolished. An expert committee of the Government of India has recommended that P-Notes be allowed subject to full disclosure of beneficial ownership of the holders of the P-Note (the Fund) and the investors of the holders (Shareholders of the Fund). There is no certainty as to whether P-Notes will continue to be available to investors like the Fund in accessing Indian securities.

The Fund cannot enter into P-Note transactions on behalf of or for the benefit or account of, or pursuant to or in connection with any back-to-back transaction with a Prohibited Person. The Fund cannot directly or indirectly, sell, transfer, assign, novate or otherwise dispose of any P-Notes against underlying Indian securities to or for the benefit or account of any Restricted Entity. In most instances P-Note Issuers will insist on undertakings from the Fund in respect of the foregoing. Further, the Fund will have to represent to the P-Note Issuer that it is not a Restricted Person. Any default on these restrictions by the Fund or any other party to the P-Note transaction may affect the ability to liquidate such investments.

As a subscriber to the P-Notes, the Fund may be required to disclose details of its Shareholders, clients, counterparties and holders of the beneficial interest. Details disclosed could include the name and correspondence address of Shareholders and, as applicable, their major shareholders, directors and investors, name and jurisdiction of the regulator by whom the Shareholders are regulated, type of entity that the Shareholders falls under (*i.e.*, hedge fund, corporate, individual, pension fund, trust) and if a Shareholder is a fund, the names of its fund managers and investment advisors top investors in the Fund. Each prospective investor should note that, no prior approval will be sought from them while disclosing the information. The Fund will also not provide any intimation to the Shareholders if and when any such information has been disclosed.

P-Notes will not provide the Fund with any voting rights in the underlying shares. Since the Fund will not have any control in the Portfolio Company, it will not be able to protect its position in such Portfolio Companies. Investments will be subject to the risk that the Portfolio Company may make business, financial or management decisions with which the Fund does not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve the interests of the Fund. If any of the foregoing were to occur, the values of investments could decrease and its financial condition and results of operations could suffer as a result.

Further, several rights available to a holder of the underlying security such as the right to participate in rights issues may not be available to the Fund when it invests in the security through

a P-Note. Thus, while the Fund is exposed to most of the risks of an exposure to underlying securities of a Portfolio Companies, it has only limited benefits and very few shareholder rights.

The transaction in P-Notes exposes the Fund to several risks relating to the P-Note Issuer, such as, credit risk, risk of insolvency, risk of changes in the regulatory regime and regulatory actions such as monetary penalties, suspension or debarment.

5. Other Investment Risks

While the following Other Investment Risks may apply to any of the Registrant's Clients and strategies, those to which they primarily apply are indicated in parentheses.

Short Selling. Short selling allows a Client to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. A short sale creates the risk of an unlimited loss, as the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating any loss. In certain cases, extreme demand by other short sellers of a particular security to "cover" such security can drive up the price, resulting in further losses for a Client. The SEC has adopted restrictions on the short sales of securities which fall more than 10% in a given day (referred to as the "circuit breaker" or "modified uptick rule"). Such events and these and other restrictions on a Client's ability to engage in short sales could make the Registrant unable to execute its investment strategies and cause losses to the Client. (*Matrix Fund and FinSec Fund*).

Lending of Portfolio Securities. Securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. As a result, a Client may lose money and there may be a delay in recovering the loaned securities. A Client could also lose money if it does not recover the securities and/or the value of the collateral falls, including the value of investments made with cash collateral. These events could trigger adverse tax consequences to the Client. Engaging in securities lending could have a leveraging effect, which may intensify the market risk, credit risk and other risks associated with investing in a Client. When a Client lends its securities, the Registrant is responsible for investing the cash collateral the Client receives from the borrower of the securities, and the Client could incur losses in connection with the investment of such cash collateral. (*India Fund, Matrix Fund, and FinSec Fund*).

Purchases of Securities of Financially Distressed Companies. The Registrant may invest in securities of companies that are experiencing significant financial or business distress. Although such purchases may result in significant returns to a Client, they involve a substantial degree of risk and may not show any return for a considerable period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that the Registrant will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. Under such circumstances, the returns generated from a Client's investments may not compensate the Client adequately for the risks assumed. (*India Fund, Matrix Fund, and FinSec Fund*).

Leverage, Interest Rates. From time to time, the Registrant may utilize leverage by borrowing (for India Fund and FinSec Fund, such borrowings are limited to 25% of the Funds' total assets; for Matrix Fund, there are no predetermined limits). During periods in which a Fund's portfolio is leveraged, fluctuations in the market value of the Fund's portfolio may have a significant effect in relation to the Fund's capital. The level of interest rates generally, and the rates at which a Fund can borrow in particular, will be an expense of the Fund and therefore affect the operating results of the Fund. (*India Fund, Matrix Fund, and FinSec Fund*).

Portfolio Turnover. The Registrant's use of certain investment strategies may generate increased portfolio turnover. A high turnover rate will result in increased brokerage commissions and may generate taxable capital gains. (*India Fund, Matrix Fund, Select Strategy Fund, and FinSec Fund*).

Unlimited Range of Potential Strategies. The Registrant may pursue any investment strategy determined by the Registrant to be appropriate from time to time without any notice to Clients. This unlimited range of potential strategies may include substantial investments in strategies not previously pursued by the Registrant and with which the Registrant and its personnel have no or limited experience. New strategies, assets and markets are likely to involve material and as-yet unanticipated risks. (*Matrix Fund*).

Investment Funds Risks. The Registrant may invest in funds managed by third party portfolio fund managers. The following risks, among others, are relevant to such investments: (i) third party portfolio funds and their fund managers may charge management fees, incentive fees and other fees and expenses, and, as a result, a Client may bear multiple layers of fees that may exceed the fees which would typically be incurred by a direct investment in a third party portfolio fund; provided, however, that the General Partner and the Registrant may waive a portion of the performance allocation and management fee under certain circumstances; (ii) third party portfolio funds may invest in other investment vehicles, thereby subjecting a Client to an additional level of fees; (iii) the Registrant may receive limited information concerning the third party portfolio funds and will generally have no opportunity to assess the accuracy of any such information, including valuation information; and (iv) a Client will be dependent upon the integrity, skill and judgment of any third portfolio fund managers with which it invests. In addition, investments in third party portfolio funds may affect state and local tax considerations and, depending upon the nature of the investment, a Client may become subject to tax in multiple jurisdictions and may have increased filing requirements. The Registrant may experience difficulties obtaining specific information regarding investments made through third party portfolio fund managers; therefore, a Client or an investor in the Fund may be unable to obtain the information necessary to make a complete state and local tax filing. (*India Fund, Matrix Fund, and FinSec Fund*).

Indirect Investment. The Registrant may invest in exchange-traded funds ("ETFs"), mutual funds, closed end funds, pooled investments and other investment vehicles (including other hedge funds), participations and similar vehicles. As a result, Clients may be subject to an additional layer of fees and expenses, including management fees and potentially performance or similar fees. In addition, the Registrant will have no control over the investment decisions of any investment vehicle and, in certain circumstances, a Client may be subject to limitations on its ability to redeem or otherwise withdraw from investment vehicles. (*India Fund, Matrix Fund, and FinSec Fund*).

Exchange-Traded Funds and Other Investment Vehicles. ETFs represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks, bonds or other instruments, which are designed to generally correspond to the price and yield performance of an underlying index. A primary risk factor relating to ETFs is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed income ETF, respectively. An ETF may also be adversely affected by the performance of the specific sector or group of industries on which it is based. Moreover, although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their underlying indices, ETFs may not be able to exactly replicate the performance of the indices because of their expenses and other factors. The Registrant may also invest in other investment vehicles, included U.S. registered closed-end and mutual funds, that share similar risks. (*India Fund, Matrix Fund, and FinSec Fund*).

Default and Credit Risks. Debt securities of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

The Registrant may invest in debt obligations of both government and corporate issuers. These financial instruments involve the risk that the obligor either cannot or will not fulfill its obligations under the terms of the financial instrument. The Registrant also assumes the credit risk of its prime brokers, custodians and other counterparties in connection with prime brokerage arrangements, derivatives and other contractual relationships. In evaluating credit risk, the Registrant is often dependent upon information provided by the obligor, which may be materially inaccurate or fraudulent. Any actual default, or any circumstance that increases the possibility of such a default, could have a material adverse effect on a Client. (*India Fund, Matrix Fund, and FinSec Fund*)

Interest Rate Risks. The Registrant may invest in debt securities of government and corporate issuers. These and various other assets, as well as the Client's borrowings, subject the Client to risks associated with movements in interest rates. For example, the Registrant is required to manage both curve risk, which is the risk that the slope of the yield curve will vary from the slope assumed in a Client's strategy, and credit spread risk, which is the risk that the spreads between yields of differently rated issuers will change in a manner that adversely affects a Client's portfolio. (*India Fund, Matrix Fund, and FinSec Fund*).

Volatility Risks. The Registrant may purchase and sell equity derivatives and other financial instruments that are valued to some extent on expected, implied or realized volatilities of various securities. Fluctuations or prolonged changes in the volatility of securities, therefore, can materially and adversely affect the value of securities held by Clients. (*India Fund, Matrix Fund, and FinSec Fund*).

Additional and more detailed risks may be set out in the offering memoranda of each Fund or disclosure document for each SMA.

Item 9 – Disciplinary Information

The Registrant does not have any legal or disciplinary events, as specified by Form ADV Item 9, that are material to a Client's or prospective client's evaluation of the Registrant's advisory business or integrity of the Registrant.

Item 10 – Other Financial Industry Activities and Affiliations

New Vernon Management LLC, New Vernon Management II LLC, and New Vernon Management III LLC

New Vernon Management LLC (“NVM LLC”), a Delaware limited liability company and an affiliate of the Registrant, is the general partner of the India Fund and DI Fund, including each feeder fund. NVM LLC has delegated to the Registrant authority to provide investment advice and make investment decisions for such Funds. NVM LLC or an affiliate holds all of the outstanding ordinary shares of NVM, which hold all the voting rights in NVM except for the right of each share class to vote on any resolution which varies the rights attaching to those shares. The Board of NVM has delegated to the Registrant authority to provide investment advice and make investment decisions for NVM, subject to the supervision of the Board. NVM LLC is exempt from registration with the Commodity Futures Trading Commission (the “CFTC”) as a commodity pool operator with respect to each Fund under CFTC Rule 4.13(a)(3).

New Vernon Management II LLC (“NVM II LLC”), a Delaware limited liability company and an affiliate of the Registrant is the general partner of the Matrix Fund. NVM II LLC has delegated to the Registrant authority to provide investment advice and make investment decisions for the Matrix Fund. NVM II LLC is exempt from registration with the CFTC as a commodity pool operator with respect to the Matrix Fund under CFTC Rule 4.13(a)(3).

New Vernon Management III LLC (“NVM III LLC”), a Delaware limited liability company and an affiliate of the Registrant, is the general partner of the FinSec Fund. NVM III LLC has delegated to the Registrant authority to provide investment advice and make investment decisions for the FinSec Fund. NVM III LLC is exempt from registration with the CFTC as a commodity pool operator with respect to the FinSec Fund under CFTC Rule 4.13(a)(3).

New Vernon Asset Management Ltd.

The Registrant wholly owns New Vernon Asset Management Ltd. (“NVAML”), a Mauritian tax resident operating as a Collective Investment Scheme Manager and also holding a Global Business license issued by the Financial Services Commission in Mauritius. NVAML was previously registered with SEBI as a Foreign Institutional Investor; it has recently converted its registration status to a FPI Category II, which status enables NVAML to advise certain investment vehicles, including other FPIs, with respect to direct investment in Indian public securities.

NVAML is subject to the supervision and compliance program, including the Code of Ethics, of the Registrant, and is a relying adviser of the Registrant.

New Vernon Investment Management, LLC and New Vernon Wealth Management LLC

NVCH II, which owns 100% of the Registrant, is a financial services holding company that also beneficially owns a majority interest in New Vernon Investment Management, LLC (“NVIM”), an investment management firm primarily located in Chicago, Illinois that advises several private investment funds and is registered as an investment adviser with the SEC. NVCH II, along with certain individual members of NVCH II, beneficially owns a majority interest in NVWM, an investment management firm primarily located in Chicago, Illinois that advises

individual clients on a discretionary or non-discretionary basis and is registered as an investment adviser with the SEC.

The Registrant operates independently from NVIM and NVWM, and NVIM, NVWM and their respective trading personnel generally are not involved in the Registrant's day-to-day trading operations. However, personnel of the Registrant and NVIM may in some cases provide administrative and back-office services (such as legal and operational services) to both firms. In addition, a limited number of the Registrant's personnel may share and discuss market information and potential investment opportunities, and may from time to time review a Client's investment positions, portfolio composition and anticipated transactions, with a limited number of personnel at NVIM and/or NVWM. The Registrant at all times retains independent investment discretion over each Fund, including determination of the investments to be made by the Fund and the timing and price of transactions in their respective portfolios.

The relationship between the Registrant, NVIM and NVWM creates certain potential conflicts of interest, as it may enable each firm to use investment information generated by personnel of the other firm to the disadvantage of clients of the other firm (for example, by acting on an investment opportunity identified by the other firm, and thereby adversely impacting the price or availability of the opportunity for the other firm's clients). Further, because of the overlap in beneficial ownership between the Registrant, NVIM and NVWM, principals of the firms could have an incentive to direct investment opportunities to the Registrant, NVIM and/or NVWM based upon the relative fee income generated by the opportunity (and, indirectly, received by such principals), rather than considering the appropriateness of the opportunities for their respective client bases. In addition, principals of NVWM could have an incentive to advise clients to invest in Registrant's Funds, thus generating fees for the Registrant that ultimately benefit the individuals with ownership interests in both NVWM and Registrant. However, the Clients and the clients of NVIM and NVWM generally pursue materially different investment strategies, and because of the differences between the investment mandates and strategies utilized by the Clients and the NVIM funds, it is not generally anticipated that they will compete with one another for investment opportunities. Furthermore, there exist certain limitations on NVIM and NVWM's capacity to access the Indian markets directly. Moreover, in light of the size and liquidity of those markets in which the Registrant, NVIM and NVWM may each trade, the Registrant, NVIM and NVWM generally do not anticipate that their trading would have a material impact on market prices. The Registrant, NVIM and NVWM have each adopted policies and procedures to mitigate these conflicts of interests, including a single restricted list, and the CCOs of each firm actively coordinate the compliance function of each firm as particular circumstances arise.

Other Activities of the Registrant and Certain Related Persons

Principals, officers and other employees of the Registrant will devote as much of their time to the activities of the Registrant as they deem necessary. Except as may be set out in the offering materials of a Fund, none of such persons are restricted from forming additional investment entities or from engaging in other business activities, even though such activities may involve substantial time and resources. As noted below under Item 11 "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading", certain individuals associated with the Registrant are generally prohibited from making direct investments in India.

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

The Registrant has adopted a Code of Ethics (the “Code”) setting forth standards of conduct for the Registrant and its Supervised Persons, which include all employees, Access Persons (as defined under the Investment Advisers Act of 1940 (“Advisers Act”)), and others designated by the Chief Compliance Officer. The Code is based on the principle that the Registrant and its Supervised Persons (as defined under the Advisers Act) owe a fiduciary duty to its Clients, which includes a responsibility to treat Clients fairly, to avoid conflicts of interest, and to put the interests of Clients before the interests of the Registrant and all those associated with it. Furthermore, the Registrant owes duties of honesty, loyalty, and utmost good faith to its Clients, which require it to act solely in its Clients’ best interests. These duties further impose an obligation to disclose all material facts to Clients in connection with Registrant’s services to them.

The Code sets out policies and procedures addressed to certain specific issues arising from these various duties. It prohibits certain trading practices for either Client or personal accounts, including trading on material non-public information, front-running, and other manipulative trading practices. For each Supervised Person’s personal securities accounts, the Code requires quarterly reporting of transactions and annual reporting of all holdings. For all Supervised Persons, the Code requires pre-clearance for transacting in certain public and private securities. It restricts and requires reporting related to the giving and receiving of certain gifts and entertainment. It addresses outside activities of employees, conflicts of interest, and political contributions. It provides for a variety of potential penalties for violations of the foregoing restrictions as well as others.

Employees are required to certify, on at least an annual basis, their compliance with the Code. Upon request, the Registrant will provide a copy of the Code to any Client, investor, or prospective investor.

With respect to the India Fund, certain individuals associated with the Registrant, including its principal owner, have further restrictions on personal investment activities absent prior approval by the Fund’s Advisory Board.

In addition, many of the employees of the Registrant and its related persons are unable to directly purchase Indian securities or invest in Indian companies because they do not fall into the categories of individuals permitted by Indian law to so invest.

Item 12 – Brokerage Practices

The Registrant arranges for the clearance and settlement of its trades in securities or derivatives with broker-dealers in India or elsewhere. In selecting brokers to execute such transactions, the Registrant seeks best execution on behalf of each Client, which is the duty to execute securities transactions for a Client in such a manner that the Client's total cost or proceeds in each transaction is the most favorable under the circumstances. In considering total cost or proceeds, the Registrant considers the full range and quality of a broker's services in placing brokerage including, among other things, the value of research provided as well as execution capability, commission rate, financial responsibility and stability, sales coverage, reputation, and responsiveness, and the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution for the Client. In addition, in selecting brokers the Registrant may consider the value of the following, either provided by the broker, or paid for by the broker (either by cash payments or by commissions) to be provided by others: brokerage (such as clearing, order routing, custodial and settlement services), research and research products and services (described below). In recognition of the value of products and services provided by a broker, the Registrant may effect securities transactions which cause a Client to pay the broker an amount of commission in excess of the amount of commission another broker would have charged.

Best execution does not necessarily require the Registrant to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. The Registrant intends not to negotiate "execution only" commission rates. The Registrant may have an incentive to select a broker-dealer based on the Registrant's interest in receiving the research or other products or services, rather than on each Clients' interest in receiving the most favorable execution; however, the Registrant has adopted procedures designed to mitigate such potential conflict and the Registrant, based on its knowledge of the industry, attempts to have the Clients' brokerage arrangements be competitive with similarly-situated companies.

Research may include, among other things, proprietary research from brokers, which may be written, oral or online. Research products may include, among other things, computers or terminals, computer databases and quotation equipment, in each case, to access research or which provide research directly and registration fees for attendance to research seminars. Research services (which may be in written or oral form or online) may include, among other things, research concerning market, economic and financial data, statistical information, data on pricing and availability of securities, financial publications, electronic market quotations, performance measurement data and services, analyses concerning specific securities, companies or sectors, market, economic and financial studies and forecasts, online pricing and financial information, access to computerized data regarding Clients' accounts, portfolio strategy advice, market, economic and financial data, statistical information, data on pricing and availability of securities, publications (including periodicals, magazines and newspapers), document retrieval services, analyses concerning specific securities, companies, governments or sectors, technical data, recommendations and general reports, and any other information to the extent related in any way to any of the foregoing. These products and services generally benefit all of the Registrant's Clients' accounts and the Registrant does not seek to allocate the benefits proportionately to the benefits each Client generates.

Products and services obtained in connection with portfolio transactions for the Clients are intended to fall within the parameters of Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended, but they may fall outside of Section 28(e).

Certain senior and trading personnel of the Registrant oversee the Registrant's brokerage relationships including, but not limited to, conducting an internal semi-annual broker vote and setting non-binding target allocations.

The Registrant does not recommend, request or require that any Fund or Individual Client direct it to execute transactions through a specified broker-dealer, nor does the Registrant permit any Fund or Individual Client to direct brokerage.

Item 13 – Review of Accounts

Virtually all of the business time and effort of the Registrant's investment personnel is directed to the Clients. The Registrant's investment personnel will meet with Clients or Fund investors as requested. Such personnel review different aspects of the Clients' investments daily, and in both scheduled and ad-hoc meetings throughout the week.

The Registrant provides the following information on the following schedule to Fund investors and Individual Clients:

- Investors in the India Fund and NVM are provided an un-audited estimate of the value of their account, as well as monthly, quarterly, and yearly changes to date, within approximately ten business days of the end of each month.
- Investors in the India Fund, DI Fund, and NVM are provided an account statement prepared by the applicable administrator containing their capital account statement, which includes performance since inception, within approximately six weeks of the end of each quarter. Matrix Fund and FinSec Fund investors are provided an account statement prepared by the applicable administrator within approximately ten business days of the end of each month.
- Investor letters are provided quarterly to investors in the India Fund, semi-annually to investors in the DI Fund, and no less than annually to investors in NVM and the Matrix Fund. There are no formally scheduled investor letters for investors in the FinSec Fund, however, the Registrant intends to communicate periodically with such investors.
- Investors in the Funds receive audited financial statements of the vehicle into which the investor has directly invested, as well as for the related master fund, if applicable, within 120 days following the end of each year. Select Strategy Clients are provided audited financial statements of NVM within 120 days following the end of each year.

Item 14 – Client Referrals and Other Compensation

N/A

Item 15 – Custody

The Registrant may be deemed to have custody, as defined in Rule 206(4)-2 under the Advisers Act, of funds or securities of a Fund on the basis that the General Partner acts as general partner to the Fund. The Registrant relies on the “audit exemption” in Rule 206(4)-2(b)(4) under the Advisers Act, which exempts an adviser to a limited partnership, limited liability company or other pooled investment vehicle from the requirement to deliver account statements to its Clients if the adviser requires the vehicle to be audited annually by an independent public accountant that is registered with the Public Company Accounting Oversight Board and distributes the audited financial statements annually to the investors in the vehicle.

Item 16 – Investment Discretion

The Registrant manages the Funds on a discretionary basis. The Registrant's discretion in managing the Funds is limited by the terms of the Funds' private placement memorandum and operating agreement provided to the Funds' investors.

The Registrant generally manages the SMAs on a non-discretionary basis (except to the extent any such Individual Client is an investor in a Fund).

Item 17 – Voting Client Securities

The Registrant generally has the authority to vote securities held by the India Fund, DI Fund, Matrix Fund (with respect to its investments in ETFs), and FinSec Fund, but will have no authority to vote securities held by the Select Fund and Individual Clients (except to the extent such Individual Clients are investors in other vehicles managed by the Registrant as to which the Registrant has such authority). To the extent that the Select Strategy/Fund Participants or the Matrix Fund invest in P-Notes, neither the Registrant, the Select Strategy/Fund Participants, nor the Matrix Fund investors will be able to vote the P-Notes' underlying securities. In accordance with Rule 206(4)-6 under the Advisers Act, the Registrant has adopted and implemented written policies and procedures for voting client proxies it receives. The Registrant's general policy is to vote company proxies in accordance with company management. While it is the Registrant's policy to generally follow those guidelines, the Registrant retains the right, on any specific proxy, to vote differently from the guidelines if the Registrant believes it is in the best interests of the Client. Any such exceptions will be documented by the Legal/Compliance Department and reviewed by the Chief Operating Officer. From time to time, the Registrant may also determine to engage an independent third party to cast any or all proxy votes on behalf of the Client. Discretionary Clients are not generally entitled to direct to vote of any proxy.

In India, many companies do not permit voting by proxy, but require any vote to be cast in person by the shareholder of record. With respect to any shareholder vote involving Client investments for which a proxy is not permitted, the Registrant makes a determination whether to appear in person to cast a vote. In addition, the Registrant's ability to vote may be constrained by the timing of its receipt of the notice of any shareholder vote. In making the determination whether to vote, the Registrant considers a number of factors, including the significance of the proposal on the Client's investment, the size of the Client's investment, the likelihood of the Registrant's vote affecting the passage of the proposal, and the costs of attending in person.

The Registrant will maintain records for each matter relating to a portfolio security with respect to which a Fund was entitled to vote.

A copy of the Registrant's proxy voting policies and its voting record will be provided to Clients upon request.

Item 18 – Financial Information

The Registrant is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients. The Registrant has not been the subject of a bankruptcy petition within the preceding ten years.