



## GEOSPHERE CAPITAL MANAGEMENT, LLC

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### FORM ADV, PART 2A BROCHURE

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This brochure provides information about the qualifications and business practices of Geosphere Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 616-1103 or via e-mail at [asanger@geospherecap.com](mailto:asanger@geospherecap.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that Geosphere Capital Management, LLC or any person associated with Geosphere Capital Management, LLC has achieved a certain level of skill or training.

Additional information about Geosphere Capital Management, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

Geosphere Capital Management, LLC (“Geosphere” or “the Firm”) is updating the Brochure previously filed as of May 14, 2019 for its annual update. Item 4 has been updated to reflect a change in assets under management, as reported in the ADV Part 1 Other Than Annual Amendment, as well as to reflect that the Firm no longer provides investment advisory services to Geosphere Fund, LP, Geosphere Fund, Ltd. and Geosphere Master Fund, Ltd.

We encourage all recipients of this Brochure to read it carefully in its entirety.

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## **Item 4 – Advisory Business**

### **Description of the Firm**

Geosphere Capital Management, LLC (“Geosphere”) is a privately owned limited liability company organized under the laws of the state of Delaware, with its principal place of business in New York, New York. Geosphere began providing investment advisory services in July 2007. Arvind Sanger, individually and through certain affiliated entities, owns 100% of Geosphere. Effective February 17, 2012, Geosphere is registered as an investment adviser with the Securities and Exchange Commission. Geosphere serves as the investment manager and/or sub-advisor to multiple private investment funds. Geosphere does not participate in wrap fee programs.

### **Advisory Services Offered**

#### *The Funds*

Geosphere offers investment advisory services to its Clients (as defined below) pursuant to an Investment Management Agreement or Sub-Advisory Agreement between Geosphere and each Client (or “Fund” and together, the “Funds”). All Clients are private investment funds that are exempt from registration with the Securities and Exchange Commission. Geosphere provides investment management services tailored to the specific investment guidelines set forth in the confidential private placement memoranda of the India Fund (as defined below) and in the Sub-Advisory Agreement with the Sub Account (defined below). Subject to these investment guidelines, Geosphere has a limited power of attorney to act and has complete discretion and authority to manage Fund assets. Geosphere is authorized to make all investment decisions, buy and sell securities, issue instructions to the Funds’ custodians, select broker dealers to execute securities transactions (except where only permitted to use pre-approved broker dealers as is currently the case with the Sub Account) and vote proxies and make similar decisions, except that as a general matter Geosphere is not responsible for filing class action claims and generally does not pursue or commence litigation on behalf of its Funds. Underlying investors in the Funds do not have the ability to impose restrictions on investing in certain securities or types of securities. Geosphere offers and sells interests in the India Fund in private transactions solely to “expert investors” as defined under the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008 of Mauritius who, in the case of US investors are also accredited investors and qualified clients. Geosphere does not offer and sell interests in the Sub-Account, but rather only provides investment advisory services with respect to a portion of assets in the Fund.

Geosphere’s investment performance is dependent upon the selection of long investments that outperform the market and short investments that underperform the market. While the confidential private placement memoranda for the India Fund and the Sub-Advisory Agreement with the Sub Account give Geosphere broad discretion with respect to the types of securities it may purchase, Geosphere will purchase and sell for each client primarily equity and equity-related securities in global markets, and in the case of the India Fund, in

India and abroad, with a focus on the natural resources and industrials sectors. Geosphere may also invest in preferred stocks, convertible securities, warrants, commodities, options (including covered and uncovered puts and calls and over-the-counter options) and other derivative instruments, bonds and other fixed income securities, foreign currencies, private securities and money market instruments. Geosphere also engages in short selling, margin trading, hedging and other investment strategies for each Fund. Performance is primarily driven by the relative performance of our long and short investments rather than the performance of the markets.

Geosphere manages a Mauritius domiciled fund, Geosphere India Fund (the “India Fund”), which is managed using a long/short equity strategy, but invests only in India and abroad, and focuses its investments in entirely different industries as compared to the Sub-Account. The India Fund’s gross exposure will typically range between 90% to 110% and its net exposure will typically range from 70% to 90% net long. Investors in the India Fund are subject to a three year commitment period, and there is no ability to withdraw capital prior to the expiration of the committed period.

Pursuant to a sub-advisory agreement (the “Sub-Advisory Agreement”) in effect with Prelude Opportunity Fund, LP (“Prelude”), Geosphere manages a portion of the assets of Prelude (the “Sub-Account”). These details are outlined in the Sub-Advisory Agreement. Arvind Sanger has a minority interest in Prelude, and pursuant to the terms of the Sub-Advisory Agreement, all losses in the Sub-Account will be allocated to Mr. Sanger’s investment in Prelude first, up to his total capital contribution.

The Sub-Account and India Fund are each a (“Client”) and together referred to as (the “Clients”).

### *Managed Accounts*

To the extent appropriate for a large or strategic investor, Geosphere will establish, a separately managed account. The advisory services can be tailored to the investment objectives and/or restrictions established by the Managed Account investor. Fee arrangements and terms for each Managed Account are individually negotiated. Accordingly, a managed account may be subject to different terms and fees than those of the Funds. Managed Account relationships are generally subject to significant account minimums.

### **Assets under Management**

As of December 31, 2019, Geosphere managed, on a discretionary basis, Client assets totaling \$ \$179,942,077. Geosphere does not manage Client assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **Management Fees**

The India Fund pays Geosphere a management fee that is calculated as a percentage of assets under management. Fees are payable quarterly in advance based on the quarter-end asset value as of the first business day of the calendar quarter. Each underlying investor in a Fund pays the Fund the portion of the fee attributable to that investor's holdings in the Fund. The management fee paid to Geosphere with respect to assets in the India Fund is equal to 1.5% per annum, or 0.375% per quarter. Fees paid in advance are not refundable. Employees of Geosphere who are investors in the India Fund are not subject to the management fee.

Prelude does not pay Geosphere a management fee.

### **Performance-Based Compensation**

At the end of each fiscal year, each client also makes, to an affiliate of Geosphere, a performance-based allocation in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The performance allocation payable with respect to the India Fund is equal to 15% of the net profits of the India Fund, as applicable, and is paid to Geosphere (GP), LLC. Geosphere makes the performance allocation pro rata from the account of each underlying India Fund investor in the amount attributable to that investor's holdings in the fund. The performance allocation is subject to a high-water mark. This means that no performance allocation is made unless the value of client assets has increased since the prior allocation. If the India Fund terminates the Investment Management Agreement, or an underlying investor withdraws its assets from the fund, fees will be allocated on a pro rata basis. Employees of Geosphere who are investors in the India Fund are not subject to the performance allocation.

At the end of each month, Prelude pays Geosphere, a performance-based allocation in compliance with Rule 205-3 under the Advisers Act. The performance allocation is equal to a percentage of the net profits of the Sub-Account and is subject to a high-water mark.

### **Fee Differential**

In some cases, certain investors may pay lower fees or have other unique arrangements, provided that the other India Fund investors are not harmed. For example, investors providing large or initial investments in the India Fund, investors that commit to a hard lock on their investment, investors that are affiliated with Geosphere, and/or Geosphere employees may have specially tailored arrangements with respect to their investment in the fund.

## **Other Fees**

All fees paid to Geosphere are separate from fees related to investments such as brokerage commissions, transaction fees, research-related travel expenses audit; legal; compliance; and administrative fees and other related costs and expenses, which may be incurred by the Fund(s). The Funds will also incur other charges imposed by custodians, brokers, and other third parties, such as custodial fees, transaction related expenses, transfer taxes, wire transfer and other fees. Such charges, fees and commissions are exclusive of and in addition to Geosphere's fees. Geosphere does not receive a portion of these other commissions, fees and costs. (Please refer to the "Brokerage Practices" section (Item 12) of this Brochure for additional information.). Certain operational expenses are subject to an expense cap, such that expenses exceeding 1.2% of the total assets under management of the India Fund will not be paid for by the India Fund but instead will be paid for by Geosphere.

Geosphere's investment management agreement with the India Fund generally provides that the fund will indemnify and not hold Geosphere and/or its affiliates liable for certain expenses, losses and claims that may arise in connection with the performance of its duties (including management of the fund's investments and execution of investment trades), provided that such person's conduct has not breached certain specified standards of conduct, that is the relevant actions must have been taken in good faith and cannot have involved willful misconduct, gross negligence, a violation of federal or state securities laws or criminal wrongdoing.

## **Billing Method**

The India Fund's administrator deducts from the account of each investor the applicable quarterly management fee, prorated if the account was opened during that quarter. The India Fund's administrator also deducts from the account of each investor the annual performance allocation, if applicable.

## **Termination of Advisory Services**

The Investment Management Agreement for the India Fund will continue in effect unless terminated by Geosphere or the Fund by providing at least sixty (60) days written notice of termination.

## **Other Compensation**

None of Geosphere's employees receive compensation for the sale of securities or other investment products.

## **ERISA Clients**

Geosphere may be deemed to be a fiduciary under the Employee Retirement Income and Securities Act ("ERISA") to any of its Funds and any underlying investors in such Funds

that are employee benefit plans or individual retirement accounts if any Fund is deemed to hold “plan assets.” Any assets subject to ERISA that are deemed to be “plan assets” are subject to specific rules and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. In order to avoid causing assets of any of the Funds to be deemed “plan assets,” Geosphere restricts the aggregate investment by benefit plan investors to under 25% of the total value of each class of equity interests in each Fund.

### **Valuation and Pricing**

Unless specifically provided otherwise in the India Fund’s confidential private placement memoranda, Geosphere typically uses available pricing services or sources to determine the market value of the fund’s portfolio. Geosphere may rely on various services from outside vendors for information such as pricing, ratings, and other relevant factors. While these vendors are generally reliable, from time to time information they provide may be inaccurate or stale, which may affect the pricing and categorization of portfolio holdings. While most of the India Funds’ holdings are liquid securities, from time to time, Geosphere may need to determine a price for a portfolio holding using “fair value” pricing methods. In these situations, Geosphere elicits input from senior management within the firm to determine what it believes to be a representative or “fair” price for the holding. These determinations may involve a significant amount of judgment and in some cases may not result in an accurate price. The India Fund may hold securities or instruments that have no trading market or are otherwise difficult to value. For these types of securities, Geosphere will conduct an analysis, which may include determining the average price provided by broker-dealers making a market in the security, in an attempt to determine which counterparty or broker-dealer it believes will provide the most reliable price quotations.

Under the terms of the Sub-Advisory Agreement, the custodian for Prelude performs its own valuation of the Sub-Account

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

Geosphere charges all of its Clients a performance-based fee (that is a fee based on a share of capital gains on or capital appreciation of the assets of the client). Please refer to the section entitled “Performance-Based Compensation (Item 5) of this Brochure for additional information. As such, the conflict of interest related to managing accounts that charge performance-based fees alongside accounts that do not charge performance-based fees does not apply to Geosphere.

As a result of the performance-based fee, in particular with respect to the Sub-Account where all losses are allocated to Mr. Sanger or Geosphere first, up to the amount of his (or its) capital contribution to the account, Geosphere may have an incentive to make investments that are riskier or more speculative than it otherwise might make in the absence of compensation based on the performance of its Clients. Geosphere has policies and procedures in place related to the allocation of investments and investment opportunities (see Item 12 of this Brochure). Currently and as noted above, the India Fund trades in India



only, and in portfolio companies from different industries than those in which the Sub Account invest. Nonetheless, if Geosphere determines that an investment or trading opportunity is appropriate for more than one Client, then Geosphere allocates such investment or trading opportunity among the Clients in a manner it determines, exercising its judgment in good faith, to be fair and equitable, taking into consideration all allocations among such clients taken as a whole.

## **Item 7 – Types of Clients**

Geosphere offers its investment advisory services only to private investment funds that are exempt from the Investment Company Act of 1940, as amended. Please refer to Item 4 of this Brochure for a list of such Fund clients.

Investors in the India Fund must be sophisticated investors and are generally:

- high net worth individuals;
- pension and profit sharing plans;
- charitable organizations and/or foundations;
- corporations, partnerships, LLCs or other businesses; and
- trusts

In order to qualify for investment in the India Fund, investors must certify that they are “expert investors” as defined by Mauritius law, and with respect to US investors, that they are also “accredited investors” and “qualified clients” (as defined by law). Underlying investors in the India Fund typically must invest a minimum of \$2 million, subject to reduction by Geosphere. As noted above, Geosphere does not offer and sell interests in the Sub Account, but rather only provides investment advisory services with respect to a portion of assets in the fund.

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

### **Methods of Analysis**

The India Fund is managed in accordance with the investment strategy described in the confidential private placement memorandum for the fund. The investment guidelines for the Sub-Account are set forth in the Sub-Advisory Agreement. The investment strategies and risks set forth below are summaries and are not intended to be a complete statement of the investment strategies and related risks applicable to an investment in the India Fund. Investors should review the complete private placement memorandum for the India Fund for a complete statement of the strategy and risks related to the Funds.

Geosphere uses the following methods of analysis in formulating investment advice and/or managing Client assets:

*Fundamental Analysis:* Geosphere attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis is the primary foundation of Geosphere's research efforts.

*Technical Analysis:* As a supplement to its fundamental analysis, Geosphere analyzes past market movements and applies that analysis to the present to supplement its fundamental research and in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk that a poorly managed or financially unsound company might underperform regardless of market movement. Geosphere discounts the usefulness of results produced by "technical analysis," would not rely exclusively on a technical analysis and performs this type of analysis to supplement its fundamental analysis and to gain insight into the motivations of competing advisors who rely on "technical analysis" when formulating their investment strategies.

*Qualitative Analysis:* Geosphere subjectively evaluates non-quantifiable factors such as the quality of management, labor relations, and strength of research and development factors not readily subject to measurement, in an attempt to predict changes to share price based on that data. Qualitative analysis is somewhat important to the formulation of Geosphere's investment strategies.

A risk of using qualitative analysis is that Geosphere's subjective judgment may prove incorrect.

*Risks for all forms of Analysis:* The securities analysis methods that Geosphere uses all rely on the assumption that the companies whose securities Geosphere purchases and sells, the rating agencies that review these securities, and other publicly-available sources of information about these securities are providing accurate and unbiased data. While Geosphere is alert to indications that data may be incorrect, there is always a risk that Geosphere's analysis may be compromised by inaccurate or misleading information.

## **Investment Strategies**

Geosphere uses the following strategies in managing each Client's assets, consistent with the Client's investment objectives and risk tolerance, among other considerations:

*Long-Term Purchases:* Geosphere purchases securities with the idea of holding them in the Client's account for an investment horizon of three to five years with respect to the India Fund. Typically, Geosphere uses this strategy when:

- it believes the securities to be currently undervalued; and/or

- it wants exposure to a particular asset class over time, regardless of the current projection for the asset class.

A risk in long-term purchase strategy is that by holding the security for this length of time, Geosphere may not take advantage of short-term gains that could be profitable to a Client. Moreover, if Geosphere's predictions are incorrect, a security may decline sharply in value before Geosphere makes the decision to sell.

*Short-Term Purchases:* When utilizing this strategy, Geosphere purchases securities with the idea of selling them within a relatively short time (typically less than six months to one year). Geosphere does this in an attempt to take advantage of conditions that Geosphere believes will soon result in a price swing in the securities purchased. While this strategy can be used by the India Fund, it is typically not used in managing that fund.

*Trading:* Geosphere purchases securities with the idea of selling them very quickly (typically within thirty days or less). Geosphere does this in an attempt to take advantage of predictions of brief price swings. While this strategy can be used by the India Fund, it is typically not used in managing that fund.

*Short Sales:* Geosphere borrows shares of a stock for the Client's portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. These borrowed shares are then sold. On the agreed upon future date, Geosphere buys the same stock and returns the shares to the original owner. Geosphere engages in short selling based on its determination that the stock will go down in price after it has borrowed the shares. If Geosphere is correct and the stock price has gone down since the shares were purchased from the original owner, the Client account will realize the profit. If Geosphere is incorrect and the stock price has gone up since it bought the shares, the Client account will suffer the loss. Because the theoretical price increase is unlimited, a short sale involves the risk of a theoretically unlimited loss.

*Margin Transactions:* Geosphere will purchase securities for its Clients' portfolios with money borrowed from the Client's brokerage account. This allows the Client to buy more stock than the Client would be able to with the cash that is available and allows Geosphere to purchase other securities for the Client without selling other holdings.

*Option Writing:* Geosphere may use options as an investment strategy, although the India Fund does not trade in options. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or a bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives Geosphere the right to buy an asset at a certain price within a specific period of time. Geosphere will buy a call if it has determined that the stock will increase substantially before the option expires.

- A put gives Geosphere the right to sell an asset at a certain price within a specific period of time. Geosphere will buy a put if it has determined that the price of the stock will fall before the option expires.

Geosphere uses options to speculate on the possibility of a sharp price swing. Geosphere also uses options to “hedge” a purchase of the underlying security; in other words Geosphere will use an option purchase to limit the potential upside and downside of a security that has been purchased for the Client’s portfolio.

Geosphere also uses the “covered call,” in which it sells an option on a security owned by the Client. In this strategy, the Client receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the Client at an agreed upon price.

Geosphere uses a “spreading strategy,” in which it purchases two or more option contracts (for example, a call option that the Client buys and a call option that the Client sells) for the same underlying security. This effectively puts the Client on both sides of the market, but with the ability to vary price, time and other factors.

*Fixed Income Transactions:* Some of Geosphere’s investment strategies focus on fixed income securities, which can include a wide array of debt instruments, including investment grade debt, government securities, corporate debt, money market instruments, non-investment grade (or high yield) debt and others. To varying degrees, depending on the particular instruments, fixed income securities are subject to interest rate, credit and liquidity risks, among others.

As Portfolio Manager, Arvind Sanger has final authority over all portfolio decisions for all Client accounts. Mr. Sanger is responsible for portfolio activities, including sizing of positions, the resulting allocation of capital among sectors and the maintenance of targeted gross and net exposures.

## **Risk of Loss**

*General Risk of Loss Statement:* As with any investment, investing in securities involves a risk of loss. Future returns are not guaranteed and the Client may lose money on investments. The securities markets are volatile and Clients should consider carefully the amount of risk and/or loss they are willing to bear. Geosphere in no way guarantees performance, and at any time, the value of assets invested may fluctuate and be worth less than the amount originally invested. An investor should only invest assets it will not need for current purposes and that can be invested on a long-term basis, usually a minimum of five to seven years.

*Selection of Securities:* Because the Funds and the Sub-Account invest primarily in publicly-traded equity securities, Geosphere believes that the primary risk of loss is associated with securities selection. The price of a company’s stock could decline or underperform for many reasons, including, among others, poor management, financial

problems or business challenges. If a company declares bankruptcy or becomes insolvent, its stock could become worthless. Geosphere attempts to minimize this risk through the construction of Client portfolios and the use of loss limit rules. For more details on investment risk, including but not limited to risks associated with purchasing foreign securities and derivatives, please refer to the confidential private placement memorandum for the India Fund.

*Currency:* To the extent that a Client invests directly in foreign currencies or in securities denominated in or that trade in foreign (non-U.S. currencies), it is subject to the risk that those currencies will decline in value relative to the U.S. dollar, or in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged.

*Derivative Instruments:* Derivative instruments are subject to a number of risks, including the risk of changes in the market price of the underlying securities, credit risk with respect to the counterparty, risk of loss due to changes in interest rates and liquidity risk. The use of certain derivatives may also have a leveraging effect which may increase volatility and reduce returns.

*Foreign Investments:* Investing in foreign (non-U.S.) securities may result in more rapid and extreme changes in value than an investment exclusively in securities of U.S. companies due to smaller markets, differing reporting, accounting and auditing standards, and nationalization, expropriation or confiscatory taxation, foreign currency fluctuations, currency blockage, or political changes or diplomatic developments.

*Liquidity:* If a security is illiquid, Geosphere might be unable to sell the security at a time when desired, and the security could have the effect of decreasing the overall level of the Fund's or the Sub-Account's liquidity. Further, the lack of an established secondary market may make it more difficult to value illiquid securities, which could vary from the amount realized upon disposition. Geosphere may make investments that become less liquid in response to market developments or adverse investor perception. A Client could lose money if it cannot sell a security at the time and price that would be most beneficial.

*Market:* Stock prices are volatile and are affected by the real or perceived impacts of such factors as economic conditions and political events. The stock market tends to be cyclical, with periods when stock prices generally rise and periods when stock markets generally decline. Any given stock market segment may remain out of favor with investors for a short or long period of time, and stocks as an asset class may underperform bonds or other asset classes during some periods.

*Market Capitalization:* Stocks fall into three broad market capitalization categories – large, mid and small. Investing in primarily one category carries the risk that, due to current market conditions, that category may be out of favor with investors. If valuations of large-capitalization companies appear to be greatly out of proportion to the valuations of mid- or small-capitalization companies, investors may migrate to the stocks of mid- and small-sized companies causing an investment in these companies to increase in value more rapidly than an investment in larger, fully-valued companies. Investing in mid- and small-

capitalized companies may be subject to special risks associated with narrower product lines, more limited financial resources, smaller management groups, and a more limited trading market for their stock as compared to other larger companies. As a result, stock of mid and small sized companies may decline significantly in market downturns.

*Turnover/Frequent Trading:* A change in the securities held by a Fund or Sub-Account is known as “portfolio turnover.” Higher portfolio turnover is a result of frequent trading and involves correspondingly greater expenses to a Fund or Sub-Account, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestment in other securities. Such sales may also represent tax risk. The trading costs and tax risk associated with portfolio turnover may adversely affect a Client’s performance. The use of futures or other forward settling derivatives may result in the appearance of higher portfolio turnover as positions are “rolled forward” in order to maintain a specific exposure. Accordingly, portfolio turnover rates may vary based on how such rates are calculated.

*Settlement Risk:* To the extent the Funds and the Sub-Account invest in swaps, “synthetic” or derivative instruments, repurchase agreements, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, they take the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions, which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose whether there are any legal or disciplinary events that would be material to a Client’s or a prospective client’s evaluation of Geosphere or the integrity of Geosphere’s management persons. Geosphere has no history of any disciplinary action to disclose.

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

As discussed in response to Items 4 and 7 above, Geosphere manages the assets of multiple private investment funds. We do not believe that the contemporaneous management of the Fund and Sub-Account cause a conflict of interest because investments in the India Fund are made in different geographic and market sectors so that its portfolio is different from the portfolios of the other Client.

Arvind Sanger is the sole owner of Geosphere and has significant assets personal assets invested in the India Fund.

Geosphere does have professional relationships with other third parties but receives no hard dollar compensation from any third party. Geosphere and/or its employees may receive small gifts from such third parties as to do otherwise would appear ungrateful. (See Item 14 for additional details and clarification.) Examples of these third parties include broker-dealers, investment companies, banking institutions, accounting firms, law firms etc. Some of the investors in our Funds may also work for one of these third parties.

Neither Geosphere nor any of its management persons are registered or have an application pending to register as a broker-dealer or as registered representative of a broker-dealer. Neither Geosphere nor any of its management persons are registered or have an application pending as a futures commission merchant, commodity pool operator or commodity trading advisor, or as an associated person of any of the foregoing.

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

As an investment manager to multiple Clients, Geosphere may give advice, or take action or refrain from taking action, any of which may differ from advice given, action taken or not taken or the timing of any action for any other Client. Further Geosphere may recommend or effect transactions on behalf of its Clients in securities which it or any of its affiliated persons may buy or sell for their own accounts. Geosphere is not a broker-dealer and does not act as a principal or broker in connection with Client transactions.

Geosphere has adopted a Code of Ethics in an effort to avoid possible conflicts of interest, the inappropriate use of material non-public information and to ensure the propriety of its employees' and Clients' trading activities. The Code of Ethics is distributed to each employee at the time of hire and employees receive annual training in issues related to the Code of Ethics. The Code is based on the principle that officers, directors and other Geosphere personnel owe a fiduciary duty to Geosphere's Clients and investors in the Funds and must place the interests of Geosphere's Clients and investors above their own.

All employees must pre-clear all securities transactions, subject to certain exceptions (e.g., U.S. government securities, open-ended investment companies, etc.), in their personal accounts or the accounts of immediate family members. Trading by employees and immediate family members will generally not be permitted in securities of issuers with whom an employee, an immediate family member, a Client, or an investor has a known material affiliation.

The Code of Ethics also prohibits any employee or their immediate family member from participating in private placements.

Employees must at all times place the interests of Clients first. The Firm may from time to time recommend securities to Clients, or buy or sell securities for Client accounts, at or about the same time that an employee buys or sells the same securities for their own accounts in accordance with the procedures described above in order to minimize the

conflicts stemming from situations where the contemporaneous trading results in an economic benefit for the employee(s) at the detriment of the Client(s).

Employees will not take action for their own accounts that may differ from, conflict with or be adverse to the advice given or action taken for Clients. If the Firm is buying or selling securities for Client accounts in close proximity to buying or selling the same securities for employee accounts, this activity may impact the prices and availability of the securities in the market.

In his capacity as Portfolio Manager, Arvind Sanger may determine that it is in the Clients' best interest to take action for Client accounts based on their investment objectives that may differ from, conflict with or be adverse to securities held in employee accounts.

Employees transact in their personal accounts for long-term investment purposes and short-term trading is generally not permitted.

Regular monitoring will occur of employee and Client transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as Client trades.

Employees are required to provide Geosphere with a complete report of their securities holdings at the time they are hired. Employees also provide Geosphere with duplicate copies of account statements for all of their brokerage accounts. Employees are required to provide quarterly transaction reports and annual securities holdings reports.

The Code establishes sanctions if its requirements are violated, up to and including dismissal from employment. Employees are required to certify annually that they have complied with the Code of Ethics.

The foregoing is only a summary of the provisions of the Code and is qualified in its entirety by the detailed provisions appearing in the full text of the Code. Clients and prospective clients may obtain a copy of the Code of Ethics by contacting Geosphere's Chief Compliance Officer at 747 Third Avenue, 26<sup>th</sup> Floor, New York, NY 10017.

Geosphere does not recommend or solicit investments by Clients in Geosphere managed or sponsored entities that would result in a conflict of interest between Geosphere and the Client. In compliance with the Advisers Act, Geosphere will not buy securities from or sell securities to another Geosphere Client without making appropriate disclosures to the Client and obtaining the Client's consent. For the purposes of this paragraph, references to Geosphere include any Geosphere affiliate.

Geosphere treats as confidential all information provided by Clients and investors in the Funds. Such confidential information will not be disclosed to any non-affiliated third party, except as permitted by clients or as required by law.



From time to time, Geosphere may come into possession of material non-public information, which, if disclosed, might affect an investor's decision to buy, sell or hold a security. This may occur, for example, where an affiliated person is a director or officer of a company, the stock of which may be held by a Client. In the event that Geosphere does come into possession of material non-public information, it will be unable to use this information for the benefit of its Clients. Thus, Geosphere's possession of this information may cause a Client to be frozen in a security position or to be unable to engage in a transaction in that position until such time as the information is made public.

## **Item 12 – Brokerage Practices**

The securities transactions of Geosphere's Clients are expected to generate a substantial amount of brokerage commissions and other transaction based compensation, all of which will be paid for by the Clients. Except as noted below with respect to the Sub-Account, Geosphere has complete discretion in selecting brokers and dealers to be used for Client transactions and in negotiating the rates of compensation that Clients will pay. In addition to paying commissions to brokers acting as agents, the Clients may buy or sell securities directly from or to brokers or dealers acting as principals at prices that include dealer markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

Geosphere is obligated to seek best execution for its Clients. Best execution generally means seeking to obtain net favorable results, taking into account such factors as price (including applicable commission or dealer spread), size of order, difficulty of execution, the operations facilities, reliability and financial responsibility of the firm involved, the firm's risk positioning a block of securities and research provided.

Geosphere strives to execute securities transactions for Clients in such a manner that the Client's net cost or proceeds in each transaction is the most favorable under the circumstances. Geosphere's best execution policy applies to all transactions in all instruments, regardless of the Client. Geosphere is not required to seek competitive bids and does not have an obligation to seek the lowest available commission cost. Thus, in any transaction, a Client may pay commissions to a broker in an amount greater than an amount another broker might charge.

In selecting a counterparty and market through which to affect a trade, and in determining whether a transaction represents the best execution, Geosphere considers a range of quantitative and qualitative factors, including but not limited to the following:

### **Counterparty Considerations**

- Access to liquidity
- Execution efficiency
- Capital utilization
- Clearance and settlement capabilities
- Reasonableness of commission rate or spread

- Financial responsibility

## **Market Considerations**

- Size and type of transaction
- Characteristics of the market(s) in which the security may be traded
- Nature of post-trade settlement, custody and foreign exchange structures

Notwithstanding the foregoing, Geosphere is only permitted to use certain pre-approved broker-dealers when executing transactions for Sub-Accounts. Geosphere trades for the benefit of Clients through prime brokerage arrangements that are designed to allow trading with multiple brokers while centralizing clearance and custody through prime brokers. Under these arrangements, Geosphere places trades through accounts with different executing brokers in the name of one of its prime brokers for the benefit of Geosphere and its Clients. Geosphere directs delivery of funds or securities to a prime broker who is responsible for custody, clearance and settlement services including matching trades with executing brokers and delivering account confirms and statements to Geosphere.

Further, prime brokers may, as an incident to their services (and not for any additional compensation), sponsor conferences or seminars or provide “capital introduction services” in which consultants and prospective institutional investors may be introduced to Geosphere consistent with applicable private offering restrictions.

Geosphere may execute portfolio transactions with broker-dealers that, in connection with the execution of such transactions, provide brokerage or research services, consistent with Section 28(e) of the Securities Exchange Act of 1934. Under Section 28(e) an investment adviser is generally deemed to have acted lawfully and in a manner consistent with its fiduciary duties under federal and state law, if the adviser determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and research products or services provided by such broker. For purposes of Section 28(e), research products or services provided by a broker may include research reports on particular industries and companies, economic surveys and analyses, legal and regulatory analysis, recommendations as to specific securities and other products and services (e.g., quotation services and quantitative analysis software) providing lawful and appropriate assistance to the investment adviser in the performance of its investment decision making responsibilities, without regard to whether the research products or services benefit the account bearing the commission charge.

Geosphere will enter into arrangements with brokers serving its Clients providing for the use of commissions or “soft dollars” to pay the costs of certain research products or services which fall within the safe harbor created by Section 28(e). Geosphere’s soft dollar arrangements with brokers may condition payment of expenses upon placement of specified levels of brokerage transactions with that broker, and Geosphere may allocate a corresponding level of trades to that broker, subject to its obligation to obtain best execution (taking into account the value of the soft dollar goods and services provided). Geosphere also maintains commission sharing arrangements pursuant to which a broker

through whom it transacts business may pay a research provider through whom its trades are not executed. Geosphere maintains a budget for soft dollars to be used annually, however, there is no explicit target or ratio linked to Geosphere's commission business with any particular broker-dealer.

"Soft dollar" expenses paid by brokers may include items which would be properly chargeable to the Clients directly. Payment of costs through "soft dollars" may benefit Geosphere by relieving it of costs that it would otherwise have to bear because Geosphere does not have to produce or pay for the research, products or services. Receipt of this benefit may create an incentive for Geosphere to select a broker based on its interest in receiving the benefit rather than a Client's interest in receiving best execution.

If an expense relates to a function which would generally qualify for soft dollar payment under Geosphere's policy stated above, as well as a function which does not (e.g., Client research and Geosphere administrative functions, respectively,) Geosphere will make a good faith allocation of the cost between qualifying and non-qualifying functions to determine the portion that may be paid with soft dollars. The allocation process will attempt to take into account the principal functions or benefits of the item involved, but will not attempt to measure de minimis or occasional non-qualified usage or usage of a de minimis value. It is therefore possible that payments associated with such non-qualified usage or payments made in error could benefit Geosphere, but it is not expected that such payments would be material in amount.

In any instance in which Geosphere enters into a soft dollar arrangement, a Client may pay commissions to the relevant broker which are greater than the amount another broker may charge, but Geosphere will only do so if it determines in good faith that such amount of commissions is reasonable in relation to the value of all property, products and services provided by such broker.

Geosphere is not required to, and may not, allocate the benefits provided with a particular soft dollar expenditure to a particular Client. The benefits received by a Client may not be proportional to the costs such Client incurred.

Subject to seeking best execution, Geosphere may also consider other relationships as factors in the selection of securities brokers or dealers. For example, brokers to Geosphere's Clients may refer investors to Geosphere managed funds and may engage in other transactions with Geosphere. From time to time, providers of Client brokerage services also provide incidental consulting services and other advice with respect to Geosphere's operations and/or other matters on a formal or informal basis. The provision of such services or advice may not be subject to formal agreements and may not be compensated, depending on the extent of the services provided. Provision of services, including client referrals, could provide Geosphere with an incentive to select the respective broker-dealer for Client transactions without regard to best execution. Geosphere will, however, provide compensation that it considers to be arm's length in any situation where such services have material value and will not allocate brokerage

transactions to a provider of such services as compensation for client referrals or other services in violation of its duties to its Clients.

### **Trade Allocation Policies**

As set forth above, the India Fund trades in India only, and in portfolio companies from different industries than those in which the Sub Account invests. However, in the event an investment opportunity is applicable to both Clients, Geosphere allocates investment opportunities among the Clients in a fair and equitable manner, over time. Except as set forth below with respect to IPO transactions, in the absence of legal or other limitations, and to the extent consistent with the differing investment objectives of each Client, including long/short exposure and leverage, Geosphere typically aggregates investment trades and allocates them among each Client in a ratio that is proportional to the relative net asset values of each client. Each Fund bears any costs associated with special limitations (e.g., investment or trading restrictions) associated with that Client. Generally, allocations are determined by the Portfolio Manager in accordance with these policies. Allocations are determined prior to a trade and documented on trade date. Allocations will be made using average price.

### **IPO Allocations**

In general, allocations of IPOs and new issues and other public offerings, are made on the basis of pre-established criteria across those eligible accounts seeking to purchase the securities and for which the securities are appropriate and to the extent consistent with the differing investment objectives of each Client, including long/short exposure and leverage. Where the Portfolio Manager determines that the security will not likely be sold in the near term, he may determine to sell the securities on the secondary market (thereby realizing gains) and subsequently purchase them for a broader universe of accounts or, where permitted, “cross” them with other accounts. IPOs and new issues may be restricted to certain accounts within each Fund. Accounts which are not prohibited from purchasing or selling IPOs or new issues may participate in such transactions. IPOs and new issues will generally be allocated on a pro rata basis to all eligible investors within a Fund based on the new issues eligible assets of each participating Fund. As a result, certain Fund investors may have greater opportunities than others to invest in IPOs and new issues.

## **Item 13 – Review of Accounts**

Geosphere’s Portfolio Manager reviews Client accounts on a regular basis for appropriateness of holdings and transactions in light of the Fund’s and/or the Sub-Account’s strategy. The financial statements for the India Fund are audited annually by an independent public accountant.

Geosphere communicates regularly with the investors of its Clients, providing unaudited monthly written reports to Clients and investors in the Funds, which set forth the performance of the Fund or account and other financial data and information. Investors in the India Fund also receive the fund’s financial report and all clients receive the information

necessary for the investor to complete its annual federal income tax return, as applicable. Geosphere also responds to periodic requests by Fund investors to value the investor's investment and to provide certain additional information.

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

Geosphere employees attend conferences at which employees may be given gifts and/or trinkets that are less than \$50 in value. Employees may also receive gifts or similar items including entertainment from other professionals, as long as they are less than \$250 in value per gift or instance and less than \$1,000 per donor per year. The receipt of these gifts could create the incentive for Geosphere to refer business to these professionals when it may not be in the Client's best interest to do so. Employees are required to report all such gifts with a value of at least \$50 and Geosphere conducts a periodic review to ensure that business is not being referred to a third party as a result of improper gift giving.

Geosphere does not currently compensate third-parties for soliciting investors to invest in its Funds.

#### **Item 15 – Custody**

To the extent that Geosphere is deemed to have custody of client funds or securities under the Advisers Act solely because it deducts fees and/or its affiliated entity serves as general partner or managing member to the India Fund, Geosphere complies with the Advisers Act custody rule by requiring an independent public accountant to send audited financial statements to the underlying investors within 120 days after the end of the fiscal year.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, Geosphere provides all India Fund investors with audited financial statements within 120 days of the end of the India Fund's fiscal year, which are prepared in compliance with Rule 206(4)-2.

With respect to the Sub-Account, Geosphere does not have custody of client funds and securities in such accounts and Geosphere does not deduct advisory fees directly from such accounts (nor does it have the power to do so without the consent/action of the client).

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

Geosphere's fiduciary duty requires it to give investment advice that is suitable and appropriate to each Client, and to have an adequate basis in fact for its investment recommendations. Geosphere has been granted discretionary authority to manage the securities accounts of its Clients pursuant to an investment management or sub-advisory agreement entered into with each Client. Pursuant to this grant of discretionary authority, Geosphere is authorized to purchase and sell securities, select brokers, and negotiate commission rates subject to the guidelines set forth in the private placement memoranda for the India Fund, and the investment management agreement for the Sub-Account, as applicable.

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

As general partner or investment manager to the India Fund and as sub-advisor to the Sub-Account, Geosphere has responsibility for making investment decisions that are in the best interest of its Clients. As part of the investment management services it provides to Clients, Geosphere generally has the responsibility to vote proxies appurtenant to the shares held in the portfolio unless the Client has retained that right. As a fiduciary, Geosphere believes that it has a duty to manage assets solely in the best interest of its Clients, which includes the ability to vote proxies. Accordingly, Geosphere has a duty to vote proxies in a manner in which it believes will add value to the Client's investment. Geosphere may amend its proxy voting policies at any time.

Geosphere's investment management agreements and Sub-Advisory Agreements grant Geosphere the authority to cast all proxy votes. As required by the Advisers Act, Geosphere has adopted a proxy voting policy, which provides that Geosphere will act in the best interest of its Clients in determining whether and how to vote on any proxy voting matter. Geosphere has retained the services of an independent proxy voting service, which votes proxies in accordance with Geosphere's guidelines.

Geosphere's Portfolio Manager consults with the investment team concerning the best method to resolve any actual or apparent conflicts of interest between the interests of Geosphere and its Clients, in a manner that affords priority to the interests of the clients. If the conflict is personal to the Portfolio Manager, the Portfolio Manager will designate others to address the issues presented by the proxy vote.

Clients may obtain a copy of the proxy voting policy and information on how Geosphere voted client securities by contacting Geosphere's Chief Compliance Officer at 747 Third Avenue, 26<sup>th</sup> Floor, New York, NY 10017.

## **Item 18 – Financial Information**

Geosphere does not charge or solicit pre-payment of fees six months or more in advance. Geosphere has no financial commitment that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to Clients. Geosphere has not been the subject of a bankruptcy proceeding.

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

Not applicable.