



VR ADVISORY SERVICES LTD

Part 2A of Form ADV: Firm Brochure

VR Advisory Services Ltd

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This brochure provides information about the qualifications and business practices of VR Advisory Services Ltd. If you have any questions about the contents of this brochure, please contact us at +1 646 571 1870. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about VR Advisory Services Ltd also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC as an investment advisor does not imply a certain level of skill or training.

Item 2. Material Changes

Part 2 of VR Advisory Services Ltd's Form ADV was last updated March 31, 2021.

Since last updated, we have: (i) removed OOO VR Advisory Services (RUS) as a Relying Advisor as we are in the process of closing our Moscow office and working with its remaining business operations employees on transition plans; (ii) engaged Goldman Sachs & Co. LLC as a prime broker to each of our master funds, VR Global Partners, L.P. and VR Argentina Recovery Fund II, L.P.; (iii) moved the principal office and place of business for each of VR Advisory Services Ltd and VR Advisory Services (USA) to 601 Lexington Avenue, Suite 5930, New York, New York, United States, 10022; (iv) appointed Fredrik Olsson as our Chief Compliance Officer; and (v) promoted Altaf Mackeen from Portfolio Manager to Senior Portfolio Manager.

Please note that the foregoing addresses only those changes that we have determined to be material, and therefore, does not reflect all of the changes that have been made to this brochure since the last annual update. We encourage all recipients of this brochure to read it carefully in its entirety.

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Item 4. Advisory Business

VR Advisory Services Ltd, founded in March 1999, is an investment services firm that provides investment management services to investors through pooled investment vehicles, or more specifically, hedge funds.

VR Advisory Services Ltd is itself advised by two affiliated sub-advisors established for operational and other purposes: (i) VR Advisory Services (USA) LLC and (ii) VR Advisory Services (UK) LLP (each, a “Relying Advisor”). Unless specifically noted otherwise, the responses to this Form ADV Part 2A combine information about VR Advisory Services Ltd and the Relying Advisors (together, “VR”). VR Advisory Services Ltd is under common control with each Relying Advisor, as all three entities are ultimately principally owned by VR Capital Holdings Ltd. via intermediate subsidiaries, including VR Capital Group Ltd., VR Capital Participation Ltd. and VR Capital (UK) Ltd, and all of these affiliates are indirectly controlled by Richard Deitz, our founder and Fund Manager.

Currently, VR Advisory Services Ltd provides investment management services by acting as the General Partner and/or Investment Advisor to six hedge fund “clients”:

- VR Global Partners, L.P.;
- VR Global Offshore Fund Ltd.;
- VR Global Onshore Fund, L.P.;
- VR Argentina Recovery Fund II, L.P.;
- VR Argentina Recovery Offshore Fund II, Ltd.; and
- VR Argentina Recovery Onshore Fund II, L.P.

VR Global Offshore Fund Ltd. and VR Global Onshore Fund, L.P. (the “VR Global Feeder Funds”) have invested all of their respective investable assets in VR Global Partners, L.P., which is the “master fund” in a master-feeder structure with an actively traded portfolio of assets in both emerging and developed markets, with a historically strong orientation towards emerging market issuers.

VR Argentina Recovery Offshore Fund II Ltd. and VR Argentina Recovery Onshore Fund II, L.P. (the “VR ARF II Feeder Funds,” together with the VR Global Feeder Funds, the “VR Feeder Funds”) have invested all of their respective investable assets in VR Argentina Recovery Fund II, L.P., which is the “master fund” in a master-feeder structure with an actively-traded portfolio of assets of issuers located in and/or related to Argentina.

On behalf of these hedge fund clients, we research, evaluate and execute investments in all kinds of assets including, but not limited to, debt and equity securities and derivatives, in accordance with the investment strategies set forth in the Private Offering/Placement Memorandums of the VR Feeder Funds, and as described in more detail below within Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.

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

From time to time, we enter into side letter agreements with certain investors that negotiate for such rights. Such side letters do not contain terms that would reasonably be expected to: (i) create conflicts with our fiduciary duties to our clients and their underlying investors; or (ii) provide any investor with more favorable treatment with regard to: (a) preferential economic terms or fees; (b) enhanced liquidity or redemption rights; or (c) material transparency into our clients' portfolios. One side letter agreement provides for additional transparency on a lag basis.

We do not participate in any wrap fee programs.

As of February 28, 2022, VR Advisory Services Ltd managed approximately \$5,418,700,000 in client assets on a discretionary basis (Regulatory Assets Under Management). Net asset value totaled approximately \$4,884,000,000. We do not manage any client assets on a non-discretionary basis.

Item 5. Fees and Compensation

VR receives compensation from our clients based both on the percentage of assets we manage and on performance achieved for our clients' accounts.

VR charges our clients an asset-based management fee based upon the net asset value equal to 1.5% per annum of each investor's capital account.

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

VR may elect to waive and/or alter the asset-based management fees and/or performance-based profit allocations payable by investors in our clients.

VR's fees are not negotiable and non-refundable.

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

In connection with our advisory services and pursuant to our clients' organizational documents, our clients, and consequently the investors in our clients, can be expected to bear all applicable organizational and operational costs and expenses arising in connection with the clients' operations, including:

- legal and compliance fees and expenses and any governmental, regulatory, licensing filing or registration fees;
- legal fees and costs (including settlement costs) of any litigation or regulatory investigation instituted against our clients or us in our capacity as general partner/investment advisor to our clients;

- accounting costs (including day-to-day advice, keeping of books and records, tax preparation and audit expenses);
- fund administration costs;
- liability insurance;
- applicable remuneration and expenses of any of our clients' Directors, Directors Committees, Advisory Committees or Investment Committees, and of the members thereof; and
- withholding and/or transfer taxes.

In connection with our advisory services and pursuant to our clients' organizational documents, our clients, and consequently investors in our clients, can also be expected to bear all applicable expenses related to their investment activity in connection with both portfolio investments and prospective portfolio investments, such as:

- proxy expenses;
- interest and commitment fees on loans and debit balances;
- borrowing charges on securities sold short;
- custodial fees;
- brokerage commissions, trade processing fees (including clearing and settlement charges) and other transaction costs;
- travel expenses related to research and investment activity in connection with both portfolio investments and prospective portfolio investments;
- certain systems, informational and permitted research fees, expenses and materials (including online news and statistics, pricing and quotation services), equipment, hardware and software;
- costs of any outside appraisers, accountants, attorneys, advisors or other experts or consultants engaged in connection with specific transactions;
- bank charges; and
- expenses related to underwriting, private placements and other ordinary miscellaneous research and trade-related expenses.

For more information on brokerage transactions and costs, please see Item 12: Brokerage Practices.

Where VR determines that it is appropriate for certain expenses to be shared amongst multiple clients, such expenses will be allocated on a fair and equitable basis, which means: (i) *pro rata* based on the net asset values of such clients' accounts; or (ii) otherwise if VR determines that due to the nature of the expense and the relative distributions of its benefits among such clients, such expenses would be more appropriately allocated on a non-*pro rata* basis.

VR and its personnel can be expected to receive certain intangible and/or other *de minimis* and/or difficult to value benefits arising from activities undertaken on behalf of our clients that will not be

subject to an offset against any fees payable. For example, travel costs incurred as client expenses can result in cash rebates or credits in loyalty/status/credit card programs, and such benefits will inure to VR and/or its personnel, though the cost of the underlying service is borne by our clients.

Investors in our clients are only allowed to withdraw capital at the end of each quarter. Accordingly, we will not charge or deduct fees from an investor's account for any period beyond a withdrawal date and, therefore, we avoid situations in which we would owe an investor a refund of any fees paid in advance.

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

Item 6. Performance-Based Fees and Side-By-Side Management

As explained above in Item 5: Fees and Compensation, VR receives a performance-based fee in the form of a profit allocation from investors in the hedge fund clients that we manage.

Since each hedge fund client is subject to an identical fee structure, there are no conflicts of interest resulting from different fee structures, and we have no incentive to focus our efforts on accounts from which we receive performance-based compensation to the detriment of management fee only accounts.

Item 7. Types of Clients

VR Advisory Services Ltd provides investment advice to privately placed pooled investment vehicles, or hedge funds, and not individually to the hedge funds' investors. The underlying investors in these funds are typically:

- Family offices, trusts and estates;
- Endowments, foundations and other charitable organizations;
- Institutional investors, funds of funds and allocators;
- High net worth individuals;
- Pensions and profit sharing plans; and
- Corporations, partnerships or other business entities (private banks, insurance companies, etc.).

Investment Requirements

To invest in any of the VR Feeder Funds, we generally require a minimum investment of \$1,000,000, although at times we may waive this requirement, provided investments in VR Global Offshore Fund Ltd. and VR Argentina Recovery Offshore Fund II Ltd. remain subject to Cayman Islands minimum requirements.

Interests in the VR Feeder Funds are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and none of the VR Feeder Funds are registered as “investment companies” under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, we require that U.S. investors in our hedge fund clients must meet the requirements for an “accredited investor” under the Securities Act and a “qualified purchaser” within the meaning of the Investment Company Act. Such investors must also meet the standards of a “qualified client,” as defined in the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”).

This brochure is neither an advertisement, an offer to sell, a recommendation, nor a solicitation of any offer to buy any securities or investment advisory services, including interests in any fund managed by VR Advisory Services Ltd.

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

Methods of Analysis and Investment Strategies

On behalf of our hedge fund clients, we invest in a range of strategies encompassing distressed securities (both corporate and sovereign), special situations, value-oriented, relative value and arbitrage-oriented investment theses. We invest in a wide variety of instruments including bonds, loans and other claims, listed and unlisted equities, private securities, real assets, other pooled investment vehicles, repurchase agreements, futures, forwards, swaps, options and other derivative securities, and local currency and local interest rate products.

For VR Global Partners, L.P., these investment strategies encompass securities in both emerging and developed markets, although historically, our greatest emphasis has been on distressed debt securities in emerging markets. VR Argentina Recovery Fund II, L.P.’s portfolio is specifically focused on assets of issuers located in and/or related to Argentina. While the degree of emphasis on distressed debt securities in our investment strategy at any given time will be a function of our estimation of the attractiveness of opportunities within the full range of strategies that we pursue, we believe as a general matter that distressed debt in emerging markets often enjoys very favorable investment characteristics. By focusing on debt that is trading at distressed levels, we attempt to identify situations in which claims can be purchased at a significant discount to their realizable value. In many respects, this approach bears significant similarities to a value investing approach used by certain equity investors.

Our general method of analysis of distressed securities begins with fundamental research into the particular issue. This fundamental research has three elements: (i) issuer fundamentals; (ii) legal structure and creditors’ rights; and (iii) restructuring analysis, as outlined below:

- 1) *Issuer Fundamentals:* We attempt to determine the issuer’s ability and willingness to service its obligations by considering questions such as: Does the issuer have a viable business model? Is the issuer generating sufficient cash flow for operating needs and/or debt servicing? Would the issuer take a business-like approach to negotiating with creditors if it could not service the instrument? What motivates the issuer to continue servicing the instrument? Is the issuer undertaking a debt buyback? Under what conditions would a buyback be contemplated? Is the issuer’s business subject to political shifts or politically motivated interference?

We research these issues through a variety of sources. Issuer visits and ongoing dialogue with issuers provide a direct source of information. In addition, we may attempt to seek out corroborating public information by contacting suppliers, customers, contractors, bankers and/or others who routinely interact with issuers. We also review communications issued by, and maintain dialogues with, ministries of finance, central banks and other relevant agencies in many emerging market countries, as well as multilateral institutions such as the International Monetary Fund, the World Bank and the European Bank for Reconstruction and Development. We maintain contacts with think tanks, expert networks, consultants and independent analysts and economists throughout our regions of focus. Various banks and brokers provide additional research and assist in contacts with issuers. In doing so, we actively ensure that engaging with our research sources does not cause a conflict with the prospective source's duties of trust and confidence to third parties or raise the appearance of impropriety due to conflicts of interest. In this regard, our personnel are required to adhere to our Investment Advisor Compliance Manual, our Code of Ethics and the policies and procedures related to insider trading and the handling of material non-public information ("MNPI") therein in order to provide us, and our clients, with further protection against the risk that in the course of such research, we were to receive MNPI that would raise insider trading issues and restrict us from trading.

- 2) *Legal Structure and Creditor's Rights:* We thoroughly examine the relevant legal documents for securities or loans we consider for investment by the clients we manage. In the examination process, an analysis is made of the actual and perceived seniority of the claim. We analyze the remedies available in the event of default. We pay special attention to issues including, but not limited to: jurisdiction of governing law; enforceability of judgments; rights of set-off; ability to attach assets of the issuer; and the practical ability of a debt holder to disrupt business as usual for the issuer. We make use of both local and global legal counsel where appropriate in undertaking this analysis. We will also typically contact the issuer to discuss our legal analysis.
- 3) *Restructuring Analysis:* We model various restructuring scenarios for an issuer's debt and make an assessment as to the probabilities of various outcomes. Various return characteristics are evaluated, such as: yield to expected worst case; yield to anticipated outcome; and yield to maturity. Particular attention is paid to the timing of cash flows from the instrument using benchmarks such as break-evens and payback periods. We heavily focus on worst-case analyses and seek investments in which asset prices have fallen to levels below their value even in worst case restructuring outcomes.

For certain defaulted debts we may contact the issuer, debtors of the issuer, trading firms and/or customers of the issuer to explore opportunities to bilaterally negotiate offsets, swaps or buybacks. Where our clients purchase debt with the intention of entering into such an arrangement we will, as a general rule, seek to gain a high level of comfort that a transaction will be able to be consummated prior to committing capital to the instrument.

Complementing our fundamental research of distressed debt instruments, we maintain communications with securities dealers in major financial centers and local markets. We have access to the research and execution of the major brokerage houses as well as smaller, boutique firms specializing in emerging markets and distressed debts. We closely monitor transaction flow in these

markets in order to gauge overall market liquidity and to source and unwind positions. Our Fund Manager, Richard Deitz, and our other Senior Portfolio Managers and Portfolio Managers have significant experience in executing trades in emerging market debt instruments.

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

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

Risk of Loss

Our management of our clients' trading activities requires the exercise of our judgment. There is no assurance that our advice and methods will result in profitable trading or avoid losses. An investment in any of our hedge fund clients involves a number of significant risks and other considerations, is suitable only for sophisticated investors, and requires the financial ability and willingness to accept the high risks inherent in such an investment as an investor could lose all or a substantial amount of its investment.

The following explanation of certain risks associated with an investment in our clients is not exhaustive, but rather highlights some of the more significant risks. The risk factors associated with an investment in each of our hedge fund clients are set forth in greater detail in the Private Offering/Placement Memorandum for each fund, which is sent to prospective investors in each fund. Prospective investors should thoroughly review and consider the risk factors set forth in the Private Offering/Placement Memorandum with financial, legal and/or tax advisors and conduct such due diligence as the investor and its advisors deem appropriate prior to making an investment in one of our hedge fund clients.

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

Investment Judgment and Market Risk. The success of our investment programs depends, in large part, on our correctly evaluating future price movements of potential investments. We cannot guarantee that we will be able to accurately predict these price movements and that our investment programs will be successful.

Investment and Trading Risk Generally. Investments in securities and other financial instruments involve a degree of risk that the entire investment may be lost. The use of short sales and options trading can, in certain circumstances, substantially increase the impact of unfavorable price movements on our clients' investments. Substantial risks are also involved in borrowing and lending against such investments. Also, changes in the general level of interest rates may negatively affect our clients' results. Many of the instruments our clients invest in are traded not on exchanges, but rather through an informal network of banks and dealers that have no obligation to provide liquidity in these instruments and can apply essentially discretionary margin requirements. Our clients may undertake a high level of investment, which may result in increased transaction costs to be borne by the clients.

Market Disruption Events. Investments may be adversely affected by unforeseen events involving such matters as political crises, military actions, terrorist attacks, natural disasters, sanction-related trading suspensions, public health issues (including epidemics and pandemics such as the COVID-19 coronavirus) or other geopolitical or extraordinary circumstances or events. Such market disruption events and their possible negative impact on economic fundamentals, securities markets, interest rates, credit ratings, inflation, investor sentiment and consumer confidence may increase the risk of default of certain issuers, negatively impact market value, increase market volatility, cause credit spreads to widen, reduce liquidity or cause markets to cease operating for a limited or indeterminate period of time, all of which could have an adverse effect on our clients' investment portfolios and on our ability to source new investments. In addition, governmental or regulatory authorities could impose trading restrictions that could adversely affect our ability to adjust our clients' portfolios. During such a market disruption event, it may be difficult for VR to trade and/or value the positions that trade in the affected markets, and our clients may be exposed to significant movements in the perceived value of instruments without our having the ability to trade or value those instruments.

Dependence on Key Person. The investment performance of our hedge fund clients will be substantially dependent on the services of Richard Deitz. In the event of the death, disability, or departure of Richard Deitz, the value of investors' investments in the funds can be expected to be adversely affected by the absence of the skills and experience provided by Mr. Deitz in the management of the hedge fund clients and their investment portfolios. The hedge fund clients' Private Offering/Placement Memorandums contain a key person event provision which provides that in the event of the death, disability, or departure of Richard Deitz, the general partner/investment advisor will seek to ensure that all investors wishing to withdraw shall be able to do so in the shortest time possible, as determined by the general partner/investment advisor taking into account the interest of the funds as a whole.

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

Illiquidity of Investments. The investments made on behalf of our hedge fund clients in securities, real assets or other asset classes may be illiquid and consequently, we may not be able to sell such investments in a timely manner and/or at prices that reflect our assessment of their value or the amount paid for such investments by the funds. Illiquidity may result from the absence of an established market for the investments as well as legal, regulatory, contractual or other restrictions on their resale, market disruption events as noted above, and other factors. From time to time, markets that VR expects to be liquid can experience periods, possibly extended periods, of illiquidity. Occasions have arisen in the past where previously liquid investments have rapidly become illiquid. Valuation of such illiquid investments may be difficult or uncertain as market prices, if any, may be volatile and/or may not be readily ascertainable. VR does appoint independent valuation agents to assist with this process. The sale of illiquid investments often requires more time and results in higher expenses than other investments.

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

Developments in the Financial Services Industry. Developments in global financial markets over the preceeding few years illustrate that the current environment is one of extraordinary and possibly unprecedented uncertainty for the financial services industry. These developments have heightened the risks associated with the investment activities and operations of hedge funds. In addition, the passage, implementation and ongoing interpretation of regulatory reforms the Markets in Financial instruments Directive II (“MiFID II”) in Europe continue to impose many new requirements and restrictions on the financial services industry that are likely to affect the business, operations and performance of hedge funds, such as increased reporting requirements, limitations on certain trading activity and regulatory oversight by different agencies. There may be additional significant changes to the financial regulatory environment as a result of the outcome of recent national elections in the jurisdictions in which we invest. There may also be substantial changes in the enforcement and interpretation of existing statutes and rules by governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. The effect of future regulatory change on our operations is uncertain. The hedge fund industry as a whole may continue to be adversely affected by the recent developments in the financial markets in the U.S., Europe and abroad, and any future legal, regulatory, or governmental action and developments in such financial markets and the broader U.S. or European economies could have an adverse effect on our hedge fund clients’ business, operations and performance. VR Argentina Recovery Fund II, L.P. would be particularly exposed to similar developments in Argentina and its largest trading partners.

Various investment strategies used in formulating investment advice, and material risks involved include:

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

Options. We invest in call and/or put options on behalf of our clients. There are risks associated with the sale and purchase of options. Call options are the right to buy a security at a certain price within a defined time period. Put options are the right to sell a security at a certain price within a defined time period. A buyer of either type of option assumes the risk of losing its entire investment in the option. A buyer of a call option risks losing its investment if the particular security never

reaches the designated price within the set time period. A buyer of a put option risks losing its investment if the security that is subject to the option does not decline below the designated price within the set time period.

Forward Contracts. We trade forward contracts in the interbank currency market on behalf of our clients. Forward contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. Trading in forward contracts is not regulated by any banking authority or other government agency. In addition, there is no limitation on the daily price movements of forward contracts. Principals in the forward markets have no obligation to continue to make markets in the forward contracts traded. The imposition of credit controls by governmental authorities might limit forward trading to less than that which we would otherwise recommend, to the possible detriment of our clients.

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

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

Hedge Fund Secondaries. VR Global Partners, L.P. will, to a limited extent, acquire investments in underlying hedge funds managed by third-party investment managers, also known as “hedge fund secondaries.” These investments are highly illiquid, and there can be no assurance that our clients will be able to realize such investments in a timely manner. VR Global Partners, L.P. will hold these investments until the underlying hedge funds are liquidated or otherwise will withdraw, sell or transfer their interests in these investments. The hedge fund secondaries typically have various withdrawal restrictions, such as gates or suspensions in place. VR Global Partners, L.P. would generally be required to obtain consent to sell or otherwise dispose of its interests in hedge fund secondaries and would be subject to restrictions and limits on such sales and dispositions. In addition, to the extent that VR Global Partners, L.P. receives distributions in-kind from underlying hedge funds, whether in connection with the liquidation of such underlying hedge funds or otherwise, it will incur additional costs, risks and liquidity constraints associated with the disposal of such assets.

Repurchase Agreements. In the event of a bankruptcy or other default of a transferor of securities in a repurchase agreement, our clients could experience both delays in liquidating the

underlying securities and losses, including: (i) a possible decline in the value of the collateral during the period while our clients seek to enforce their rights thereto; (ii) possible subnormal levels of income and lack of access to income during this period; and (iii) expenses of enforcing their rights. In the case of default by the transferee of securities in a repurchase agreement, our clients run the risk that the transferee may not deliver the securities when required.

Synthetic Securities. We purchase “synthetic securities” such as total return swaps in order to execute investment strategies that would be impossible, difficult or inefficient to execute by purchasing separate securities due to complexity, transaction cost, lack of availability or regulatory reasons. In addition to credit risks associated with holding non-investment grade loans and high yield debt securities, a client buying synthetic securities will usually have a contractual relationship only with the counterparty of the synthetic securities and not the Reference Obligor (as defined below) on the Reference Obligation (as defined below). The client will not generally have any rights to directly enforce compliance by the Reference Obligor with the terms of the Reference Obligation nor any rights of set-off against the Reference Obligor, nor have any voting rights with respect to the Reference Obligation. The client will not benefit directly from the collateral supporting the Reference Obligation or have the benefit of the remedies that would normally be available to a holder of such Reference Obligation. In addition, in the event of insolvency of the counterparty the client will be treated as a general creditor of such counterparty and will not have any claim with respect to the credit risk of the counterparty as well as that of the Reference Obligor. As a result, concentrations of synthetic securities in any one counterparty subject the client to an additional degree of risk with respect to defaults by such counterparty as well as by the Reference Obligor. We may not perform independent credit analyses of the counterparties, any such counterparty, or an entity guaranteeing such counterparty, individually or in the aggregate. A “Reference Obligor” is the obligor on a Reference Obligation. A “Reference Obligation” is the debt security or other obligation upon which the synthetic security is based.

SPACs. We invest in common equity, preferred equity, warrants, and other securities issued by special purpose acquisition companies (“SPACs”) or similar special purpose entities that pool funds to seek potential acquisition opportunities. Unless and until an acquisition is completed, a SPAC generally invests its assets (less a portion retained to cover expenses) in U.S. Government securities, money market fund securities and cash; if an acquisition that meets the requirements for the SPAC is not completed within a pre-determined period of time, the invested funds are returned to the entity’s shareholders. Because SPACs and similar entities are in essence blank check companies without an operating history or ongoing business other than seeking acquisitions, the value of their securities is particularly dependent on the ability of the entity’s management to identify and complete a profitable acquisition. Some SPACs may pursue acquisitions only within certain industries or regions, which may increase the volatility of their prices. In addition, these securities, which are typically traded in the over-the-counter market, can in certain circumstances be considered illiquid and/or be subject to restrictions on resale.

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

Arbitrage Trading. A portion of a client’s trading operations may involve arbitraging between the cash and derivatives markets in financial instruments. This means that we will, on behalf of our

clients, purchase (or sell) financial instruments in cash markets (*i.e.*, on a current basis) and take offsetting positions in the futures or other derivative market in the same or related financial instruments. These offsetting positions are subject to the same risk of adverse price differentials outlined under “Spread Trading Risks” above.

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

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

Nature of Reorganization Proceedings. Investments in the securities of companies involved in reorganization proceedings, typically entail a number of risks that do not normally apply to investments in financially sound companies. For example, if our evaluation of the anticipated outcome of a reorganization or the timing of the outcome should prove incorrect, a client would experience losses. A wide variety of considerations make any evaluation of the outcome of an investment in such a company uncertain. Considerations include, for example, the possibility of litigation between the participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others. The uncertainties inherent in evaluating these investments may be increased by legal and practical considerations which limit our access to reliable and timely information concerning material developments affecting a company or which cause lengthy delays in the completion of a reorganization or liquidation proceeding. Competition from other investors may also render it difficult or impossible for us to achieve intended results or promptly effect transactions.

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

Inflation Risk. A client’s investments in fixed-income securities will also be subject to inflation risk, which has increased significantly in recent months. Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if a client purchases a 5-year bond in which it can realize a coupon

rate of 5 percent (5%), but the rate of inflation is 6 percent (6%), then the purchasing power of the cash flow has declined. For all but adjustable bonds or floating rate bonds, the client is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

Currency, Convertibility and Exchange Rates. We invest a significant portion of a client's assets in securities denominated in currencies other than U.S. dollars. The value of these and the income from them, as measured in U.S. dollars, will be affected by fluctuations in currency rates (which may include significant devaluations, as against the U.S. dollar), and uncertainties such as changes in policies regarding foreign investment, taxation, restrictions on currency conversion and repatriation, and other developments in the laws and regulations of the economies in which we will invest. We may attempt to mitigate certain risks associated with currency fluctuations by entering into forward, futures and options contracts to purchase or sell the currency of denomination of any investment held by a client and any other currencies held by that client to the extent these contracts are available on terms which we deem acceptable for the client. However, we are not required to do so.

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

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

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

Many emerging market countries lack a strong infrastructure. Telecommunications may be poor, and banks and other financial systems are not well developed or well regulated. Many countries have a limited supply of domestic savings, and businesses can experience difficulty in obtaining working capital. They may also have considerable external debt, which affects the proper functioning of their economies with a corresponding adverse impact on the performance of their markets. The

frequent lack of a fair and economically-rational tax regime presents the attendant risk of sudden imposition of arbitrary or onerous taxes, which would adversely affect foreign investors.

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

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

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

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

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

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

There are certain risks associated with the fact that there is a history of retroactive application of tax and other laws and regulations in many emerging markets. These risks include: (i) that tax and other laws and regulations in many emerging markets are poorly drafted, highly interpretative and

may be unpublished or not widely distributed; (ii) that the tax treatment of gains and losses on derivative contracts and other investments may not yet be developed; and (iii) that enforcement of tax and other laws may be unpredictable and arbitrary.

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

Sovereign Debt Obligations Risk. Investments in debt securities issued by governments or by government agencies and instrumentalities involve the risk that the governmental entities responsible for repayment may be unable or unwilling to pay interest and repay principal in a timely manner due to a variety of factors, including its cash flow, the size of its reserves, its access to foreign exchange, the relative size of its debt service burden to its economy as a whole, and political constraints. A governmental entity may default on its obligations or may require renegotiation or reschedule of debt payments. Any restructuring of a sovereign debt obligation held by our clients will likely have a significant adverse effect on the value of the obligation. In the event of default of sovereign debt, our clients may be unable to pursue legal action against the sovereign issuer or to realize on collateral securing the debt. Sovereign debt risk may be greater for debt securities issued or guaranteed by emerging and/or frontier countries.

Specific Risks Associated with Investing in Argentina.

Risk of Investing in Argentina. Investments in Argentine issuers and companies that have significant linkage to and/or economic exposure to Argentina involve risks that are specific to Argentina, including legal, regulatory, political and economic risks. Argentina has experienced many cycles of high inflation, currency devaluation, elevated interest rates, economic volatility, political instability and high unemployment rates. It is currently undergoing a pronounced period of volatility in which all of the above elements are present. Argentina is an exporter of agricultural products and primary materials, making it vulnerable to commodity prices. Reduction in spending on Argentine products and services, changes to the economies of its trading partners, trade regulations or currency exchange rates may adversely affect the Argentine economy.

The events described above create a high-risk situation for investments in Argentina. These include risks of loss due to credit defaults, devaluation, equity market declines, inability to repatriate investments and adverse changes in policies or legislation, among other factors.

Political Risk. As with many emerging market countries, the government in Argentina has significant influence over the economy, companies and issuers. The current government and/or future administrations could institute laws and regulations that could adversely affect the economy and companies in Argentina. These risks could include, but are not limited to, privatization, repudiation of contracts, tariff limitations and other tax and regulatory changes.

Geographic Focus Risk. The portfolios of each of the VR Argentina Recovery Fund II, L.P. and the VR ARF II Feeder Funds will be closely tied to market, currency, economic, political, environmental, or regulatory conditions and developments in Argentina. Given the geographic focus of their investment strategies, their investment performance may be more volatile than the performance of more geographically diversified portfolios.

Commodity Risk. The oil, mining and agriculture sectors of Argentina's economy account for a large portion of its exports. Any changes in these sectors or fluctuations in the commodity markets could have an adverse impact on the Argentine economy. Commodity prices may be influenced or characterized by unpredictable factors, including, where applicable, high volatility, changes in supply and demand relationships, weather, agriculture, trade, pestilence, political instability, changes in interest rates and monetary and other governmental policies. Securities of companies held by our clients that are dependent on a single commodity, or are concentrated in a single commodity sector, may typically exhibit even higher volatility attributable to commodity prices.

Central and South American Economic Risk. The Argentine economy is affected by the economies of other Central and South American countries, some of which have experienced high interest rates, economic volatility, inflation, currency devaluations, government defaults and high unemployment rates. Any adverse economic event in one country can have a significant effect on other countries of this region. In addition, commodities (such as oil, gas and minerals) represent a significant percentage of the region's exports and many economies in this region, including Argentina's, are particularly sensitive to fluctuations in commodity prices. Of the Central and South American countries, Argentina is particularly dependent on its trading relationship with Brazil. The Brazilian economy has at times been exposed to high rates of inflation and a high level of debt, each of which may reduce and/or prevent economic growth. In addition, Brazilian companies are subject to possible regulatory and economic interventions by the Brazilian government, including the imposition of wage and price controls and the limitation of imports. A decrease in Brazilian imports from and exports to Argentina would likely have an adverse impact on the Argentine economy and, as a result, the securities to which our clients have exposure.

Geographic Risk. Argentina is located in a part of the world that has historically been prone to natural disasters such as earthquakes, volcanic eruptions, droughts and floods. In addition, emerging markets such as Argentina are economically sensitive to environmental events. Any such event may adversely impact the Argentine economy and the business operations of Argentine companies, causing an adverse impact on the value of our clients' investments.

Specific Risks Associated with the Current Military Conflict between Russia and Ukraine

Economic and Market Disruption Risks. The current military conflict has resulted in a widespread disruption of the economies and markets of Russia and Ukraine. Economic activity in Ukraine has declined sharply as a result of occupation by Russian forces and ongoing military activity. The large number of Ukrainians currently living as refugees outside the country or internally

displaced has created further disorder. Damage and destruction to infrastructure in Ukraine may lead to prolonged economic disruption that could further exacerbate economic challenges.

Sanctions and Regulatory Risks. Given the unprecedented speed, scale and scope of Western sanctions, Russian businesses, importers, exporters and citizens will face severe obstacles accessing global markets. Russian issuers may continue to face operational challenges, supply chain disruptions, asset freezes and suspensions of trading. Their ability to raise funds in international capital markets is likely to be impaired for an extended period. Trading and liquidity in Russian securities may remain hampered due to trading restrictions and securities may be difficult to value. Reduced secondary market liquidity may also have an adverse effect on market prices. Additionally, Russian issuers may impose internal restrictions on sales and transfers of securities and/or debt service payments to foreign investors either in their internal corporate charters or pursuant to Russian law.

Political Risks. If the political climate were to destabilize in either country, any investment might be subject to significant risks, including but not limited to expropriation, confiscation, nationalization or requisition. While provisions for compensation and reimbursement of losses under such circumstances may be proposed, there can be no assurance that such provisions would be effective to restore the market value of any related investment.

Item 9. Disciplinary Information

There are no:

- legal or disciplinary events;
- criminal or civil actions, orders, judgments or decrees;
- pending criminal proceedings;
- administrative proceedings before the SEC, any other U.S. federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority; or
- self-regulatory organization proceedings,

that would be material to a current or prospective client or investor in its evaluation of VR's advisory business or the integrity of VR's management.

Item 10. Other Financial Industry Activities and Affiliations

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

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

As noted above in Item 4: Advisory Business:

- VR Advisory Services Ltd provides investment management services by acting as the General Partner and Investment Advisor to six hedge fund clients:
 - VR Global Partners, L.P.;
 - VR Global Offshore Fund Ltd.;
 - VR Global Onshore Fund, L.P.;
 - VR Argentina Recovery Fund II, L.P.;
 - VR Argentina Recovery Offshore Fund II, Ltd.; and
 - VR Argentina Recovery Onshore Fund II, L.P.
- VR Advisory Services Ltd is itself advised by two Relying Advisors: (i) VR Advisory Services (USA) LLC based in New York; and (ii) VR Advisory Services (UK) LLP based in London. Each of the Relying Advisors is involved in identifying and monitoring investments made on behalf of our clients. The Relying Advisors do not advise any entities unaffiliated with VR.

We do not recommend or select other investment advisors for our clients. However, the hedge fund clients we advise occasionally invest in other pooled investment vehicles when other means to gain exposure to a particular investment are limited and/or such structure offers a material discount to other means of gaining such exposure. In such instances the investors in our hedge fund clients bear the fees (including performance compensation, if any) charged by the investment advisors (or their affiliates) of the underlying vehicle in addition to the fees and other compensation charged by our hedge fund clients. We receive no compensation directly or indirectly from such investment advisors and have no material conflicts of interest.

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

Each of VR Advisory Services Ltd and its two Relying Advisors has adopted a single Code of Ethics and Personal Trading Policy in accordance with Section 204A-1 of the Advisers Act. In addition to detailing our policies on outside activities, the receipt and giving of gifts, political contributions, personal relationships and charitable contributions, our Code of Ethics works to ensure that our personnel avoid any potential conflicts and ensure compliance with any applicable legal and regulatory requirements by requiring that, at all times, our personnel shall: (i) place the interests of our clients first; (ii) avoid taking inappropriate advantage of client positions; and (iii) conduct all personal securities trading in full compliance with our Code of Ethics.

In brief, our Personal Trading Policy requires that all personal trades (with limited exceptions) made by VR personnel (including their immediate family and affiliated accounts) are subject to a pre-approval compliance review that screens for any potential conflict of interest between our personnel and our clients that may arise from the transaction. It also prohibits our personnel from trading in a security while the individual and/or VR are in possession of MNPI regarding that security. VR maintains a restricted list that identifies any securities that cannot be transacted by any VR employee, including members of their household. All VR personnel (including their immediate family members)

with personal trading accounts must provide VR's Compliance department with copies of account statements no less frequently than quarterly, irrespective of account activity.

The Code of Ethics and Personal Trading Policy is distributed to all VR personnel and supplemented with training at the time of their hire and periodically thereafter. Upon request, any of our current or prospective clients or investors can obtain a copy of our Code of Ethics and Personal Trading Policy by contacting VR's Investor Relations department.

VR does not regularly recommend securities to our clients, buy or sell for our clients' accounts securities in which we, they or our affiliates have a material financial interest, or engage in principal transactions or related party transactions in the ordinary course of business operations. However, in instances where VR does engage in principal transactions or related party transactions, VR is required to make such disclosures, obtain such informed consents and effect such transactions in accordance with the requirements of Section 206(3) of the Advisers Act and our Code of Ethics.

Our affiliates and personnel have the ability to seek prior approval to buy or sell the same securities (or related securities or instruments, e.g., warrants, options, futures and other derivatives) for their own accounts that we buy or sell (or are under consideration) for our clients' accounts. Our affiliates and personnel have the ability to seek to make these transactions at or about the same time as we buy or sell (or consider) the securities for our clients' accounts. We believe that when our affiliates or personnel make the same investment with their own capital as those we execute on behalf of our clients this confirms their belief in the investment strategies that we employ on behalf of our clients. Nevertheless, we recognize these transactions would create a conflict of interest between the affiliate or our personnel and our clients, particularly when liquidity in the security or instrument is limited. Therefore, all such investments require the prior approval of both the Fund Manager and VR's Chief Compliance Officer. Any such approval is likely to be conditioned upon one or more of a number of factors, including but not limited to an extended holding period or other restrictions on the trading activity of our affiliates and personnel. Trades by our affiliates and personnel would generally not be aggregated with client trades and any exception must be approved by the Fund Manager in keeping with the principles of fiduciary responsibility and equitable allocation, in order to ensure that "the client comes first" and that personal trading activity will not affect the clients' ability to conclude similar transactions at the best price otherwise available.

Item 12. Brokerage Practices

We have complete investment and brokerage discretion over our clients' accounts. We select broker-dealers for our clients' securities transactions and determine the reasonableness of their compensation based on a number of factors. When determining our best execution strategy for a particular order, we take into account the nature and characteristics of the order, the prevailing conditions within the market(s) in question and a range of other quantitative and qualitative execution factors, including, but not limited to, the following:

- the financial strength, reputation, integrity and stability of the broker-dealer;
- the ability to effect prompt and reliable executions at favorable prices, including the applicable broker-dealer spread or commission, if any;

- the likelihood of execution and settlement (in some cases, utilizing a particular broker may be the only means to execute a particular trade);
- the operational efficiency or speed with which transactions are effected, taking into account the size of order, the liquidity of the security, the difficulty of execution and/or a broker-dealer's inventory;
- the broker-dealer's proven expertise in a given security or market; and
- the broker-dealer's ability to provide discretion and preserve the confidentiality of our trading activity.

We generally consider price as the primary determinant of best execution; however, this is not always determinative. Given the diversity of market structures and financial instruments that we encounter, it would be impractical to uniformly apply a single standard of best execution. For example, utilizing an executing broker that has specific knowledge of and expertise in certain markets can be effective for resolving market-specific liquidity issues, achieving settlement, and/or addressing foreign exchange concerns. Thus, different factors are taken into account when assessing our best execution strategy in the context of different instruments and markets.

VR does not utilize research or other soft dollar benefits, nor do we consider referrals in selecting or recommending broker-dealers. With regard to inducement rules under MiFID II, VR's hedge fund clients do not bear the expenses for any broker-dealer research prohibited under such rules, and any such research services VR subscribes to are paid for by VR itself.

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

We currently advise two clients with active trading portfolios, VR Global Partners, L.P. and VR Argentina Recovery Fund II, L.P., the two master funds. The four VR Feeder Funds do not actively trade their own portfolios.

When VR determines that it would be appropriate for multiple clients to simultaneously participate in the same investment opportunity, we will generally seek to execute aggregated orders in a fair and equitable manner for all such client accounts. Such aggregation may result in a more favorable price or a better commission rate. However, VR is not required to aggregate client orders and may, when deemed appropriate, execute each client's transactions on an individualized basis notwithstanding that doing so may result in less favorable prices or higher commission rates. VR endeavors not to carry out an aggregated order if it is likely to work to the disadvantage of any particular hedge fund client.

Generally, whenever trades are aggregated and the volume of securities transacted is sufficient to meet the requirements of each participating client's account, allocations will be made such that each of the clients will acquire its fully-intended allocation and conflicts of interest should not arise. However, no guarantee can be made that suitable opportunities and aggregated trades will be sufficient in volume and therefore, from time to time, VR will allocate investment opportunities on a fair and equitable basis by taking into consideration such factors as it deems relevant, including, but not limited to:

- each applicable client’s total net asset value or sector-specific net asset value, available capital, available liquidity, portfolio composition and/or risk profiles; and
- the specific investment opportunity’s size, price, expected time horizon and/or liquidity.

If all aggregated orders for a security cannot be executed at the same price, VR will, to the greatest extent possible, allocate the trades such that the order for each client account is filled at the same average price. Similarly, if an order on behalf of multiple clients cannot be fully executed under prevailing market conditions, we will allocate the trade among the different client accounts on a fair and equitable basis.

Item 13. Review of Accounts

Our Fund Manager, Richard Deitz, generally reviews VR Global Partners, L.P.’s and VR Argentina Recovery Fund II, L.P.’s accounts on a daily basis to ensure that the assets in their portfolios, including cash, are sold and re-allocated in a regular and timely manner.

State Street Fund Services (Ireland) Limited (“State Street”) serves as our clients’ fund administrator and provides our clients’ underlying investors with monthly statements that contain information about each investor’s account. State Street also provides a quarterly transparency report that confirms to investors that State Street has received verification from independent sources regarding the existence of assets held by VR Global Partners, L.P. and VR Argentina Recovery Fund II, L.P., the master funds, and their market value, and the extent to which such verification has not been received. We provide investors with monthly investor letters that contain a review of our clients’ performance and provide summary portfolio statistics for the relevant month, and we host quarterly investor conference calls to review the performance of the relevant quarter. All of this information may be found in State Street’s secure investor login area, which may be accessed via our website (www.vr-capital.com). We also furnish investors with annual audited financial statements and annual tax information (K-1) to assist U.S. investors in completing their tax returns. Investors in our clients should carefully review all of these statements, reports, letters and information.

Item 14. Client Referrals and Other Compensation

VR does not, nor do any principals or personnel of VR, receive any economic benefit from non-clients for providing advisory services to our clients.

VR does not, nor do any principals or personnel of VR, compensate anyone or any organization for client referrals.

Item 15. Custody

While it is generally VR’s practice not to accept or maintain physical possession of our clients’ assets, we are deemed to have custody of such assets under Rule 206(4)-2 of the Advisers Act because we have the authority to obtain possession of our clients’ assets and to access our clients’ funds and deduct fees and expenses from our clients’ accounts.

In order to comply with Rule 206(4)-2, we utilize the services of qualified custodians (as defined under Rule 206(4)-2) to hold our clients' assets. This applies to all of our clients' assets, other than when use of a qualified custodian is not required in accordance with an exemption under Rule 206(4)-2 and any related SEC guidance. In accordance with Rule 206(4)-2, we also: (i) engage an outside auditor to audit our clients at the end of each fiscal year; and (ii) distribute the results of the audit in audited financial statements that are prepared in accordance with U.S. Generally Accepted Accounting Principles to all investors in our clients within 120 days after the end of their fiscal year. Investors in our clients should carefully review all of these results. Finally, we receive regular (mainly daily, but monthly at a minimum) account statements from our qualified custodians on behalf of our clients, which we compare with our own records.

Item 16. Investment Discretion

Scope of Authority

VR Advisory Services Ltd accepts discretionary authority to manage our clients' securities accounts. Essentially, this means that we have full authority to determine, without obtaining specific consent from our clients or their underlying investors, which securities to buy or sell and the amount of securities to buy or sell. Despite this broad authority, we are committed to adhering to the investment strategy and program set forth in our clients' Private Offering/Placement Memorandums. Richard Deitz, our Fund Manager, regularly reviews our clients' accounts to ensure that we are observing our clients' investment strategies and objectives.

Procedures for Assuming Authority

Before accepting their subscriptions for interests, we provide all prospective investors in each of our VR Feeder Fund clients with the appropriate Private Offering/Placement Memorandum that sets forth, in detail, our investment strategy and program. By completing our clients' subscription documents to acquire an interest in one of the VR Feeder Funds, investors grant VR complete authority to manage their investments in accordance with the Private Offering/Placement Memorandum they received.

Item 17. Voting Client Securities

VR has adopted Proxy Voting Policies and Procedures pursuant to Rule 206(4)-6 of the Advisers Act. VR receives all of our clients' proxies and similar solicitations, reviews each proxy along with related materials VR believes comprise complete and accurate information and exercises the authority to vote proxies on behalf of our clients. It is our policy to cast proxy votes in a manner we believe to be in the best interests of our clients and to ultimately maximize the value of our clients' investments, taking into account: (i) the impact on the value of such investments; (ii) anticipated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. Occasionally, VR will choose not to vote a proxy if we determine that the vote was not in doubt and/or the vote would require an unnecessary expenditure of time and incur unnecessary costs associated with reviewing the proxy materials. When voting, VR generally gives significant weight to the views of the management of issuers we have supported.

We often cast proxy votes through institutional third-party service providers that process and distribute proxy materials, voting instructions and other information or by mailing in a hard copy of

a proxy voting card as per the instructions provided by the issuer. Any third-party service provider that facilitates our proxy votes does not provide us with advice or recommendations in connection with proxy votes.

Neither our clients, nor investors in our clients, can direct us to vote client proxies in a certain manner.

If any material conflict of interest were to arise in connection with voting for our clients' securities, VR's senior management shall be consulted and shall make a final determination as to clients' proxy vote taking into account VR's fiduciary responsibilities and the conflict of interest itself shall be fully and fairly disclosed to the affected client's investors.

Upon request, any of our clients or investors can obtain: (i) a copy of our proxy voting policy and procedures; and/or (ii) all relevant information concerning proxy votes cast on behalf of our clients by contacting VR's Investor Relations department.

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

- Copies of our proxy voting policy and procedures;
- Copies of proxy statements received for client securities;
- Records of proxy votes cast on behalf of our clients and any documentation material to voting proxies or memorializing proxy vote decisions; and
- Copies of written requests from investors for information on how we voted any proxies and our written responses to those investors.

Item 18. Financial Information

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

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

VR has never been the subject of a bankruptcy petition.