

**ITEM 1 COVER PAGE**

**Nile Capital Management, LLC**

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*This brochure has not been approved by the United States Securities and Exchange Commission (“SEC”) or any state securities authority. Nile Capital Management, LLC, is an investment adviser registered with the SEC. Registration with the SEC does not imply that the adviser possesses a certain level of skill or training.*

## **ITEM 2 MATERIAL CHANGES**

Since our last Form ADV Part 2A filing on March 31, 2012, we have made the following material changes:

- Sections updated to reflect current client and assets under management, removed references to legacy client
- Brokerage practices section updated to reflect a change to our soft-dollar policy

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## **ITEM 4 ADVISORY BUSINESS**

Nile Capital Management, LLC, (“Nile Capital Management”, “NCM” or “Advisor”) is an investment management firm that offers personalized investment advisory services to investment companies registered under the Investment Company Act of 1940 and to private funds. NCM’s clients benefit from the Advisor’s in-depth economic analysis and investment expertise covering the entire African continent, from Cairo to Cape Town. The firm utilizes proprietary macro-economic research and in-depth fundamental analysis to select and manage a focused portfolio of 30-40 stocks drawn from the most attractive emerging and frontier markets within Africa.

Emphasis is placed on growth at attractive valuations in leading companies with established franchises and consistent revenue/profit growth. Our extensive knowledge of South Africa, Egypt and frontier markets is continuously updated through extensive “on-the-ground” contacts and resources. We can provide our clients’ with a stake in the continent’s most attractive economies, best companies and long-term growth potential.

There are several reasons why Africa makes sense for investors to consider. In addition to the fact that Africa provides both emerging and frontier markets exposure, We believe that key factors to be considered include:

1. ***An Industrialization and Globalization Play:*** As the world completes the industrialization process Africa may be the last great investment frontier;
2. ***Value:*** African markets are attractively valued from a P/E perspective relative to developed and developing economies;
3. ***Growth:*** 9 of the 15 fastest growing economies are in Africa with a correspondent burgeoning middle class;
4. ***Uncorrelated Returns:*** African assets have historically generated a low correlation of returns with other global asset classes.

NCM is formed under the laws of the State of Delaware with principal offices located in Princeton, New Jersey. This brochure should be considered by prospective clients prior to becoming an advisory client of the Advisor. Additional information about NCM is available through the SEC website at <http://www.adviserinfo.sec.gov>. Clients may search this site by using Advisor’s name or by an identification number known as the CRD number. NCM’s CRD number is 151912.

### **SERVICES OFFERED:**

Nile Capital Management provides the following investment advisory services:

#### **Mutual Funds:**

Advisor provides investment advice and management services to the Nile Africa Mutual Funds, which are registered under the Investment Company Act of 1940. Nile acts as the Investment Advisor for the Nile Pan Africa Fund, the Nile Africa Natural Resources Fund, and the Nile

Africa Fixed Income Fund (hereafter, collectively the “Funds”). The Funds are series of the Nile Capital Investment Trust. The Transfer Agent for the Funds is Gemini Fund Services, LLC. Gemini Fund Services, LLC and Nile Capital Management, LLC are not related entities.

The Funds are domiciled in the United States. Advisor is responsible for continuous supervision of the Fund’s assets, including investment selection, asset allocation, and all asset management decisions regarding the Funds. Assets of the Funds are deposited in either a brokerage firm or bank custodian account as determined and selected by the shareholders of the Funds.

Advisor will manage each of the Funds in accordance with the investment objectives and policies for that Fund. In general, Advisor looks to invest in growth companies of the future.

The Nile Pan Africa Fund invests primarily in common stock of African companies, exchange-traded funds ("ETFs") that invest primarily in African companies and equity-related securities (preferred stock and debt securities convertible into common stock) of African companies. The Fund defines African companies as those that (i) have a majority of their assets in, and/or (ii) derive a majority of their revenues or profits from Africa (“the continent”). The Fund will invest in the securities of companies of any capitalization.

The Nile Africa Natural Resources Fund (not yet launched) will invest primarily in common stock of African natural resource companies, exchange-traded funds ("ETFs") that invest primarily in African natural resource companies and equity-related securities (preferred stock and debt securities convertible into common stock) of African natural resource companies. The Fund defines African companies as those that (i) have a majority of their assets in, and/or (ii) derive a majority of their revenues or profits from Africa (“the continent”). The Fund defines natural resources companies as those in businesses that are primarily related to (i.e. have a majority of their assets in, or revenues or profits from) oil, gas, metals, forest products, agriculture, chemicals, commodities or other natural resources, including mining, refining or processing. The Fund will invest in the securities of companies of any capitalization.

The Nile Africa Fixed Income Fund (not yet launched) will invest primarily in fixed income securities issued by or guaranteed by:

- (1) African governments, their agencies and instrumentalities;
- (2) African companies; and
- (3) African multi-national organizations.

The Fund defines African companies as those that (i) have a majority of their assets in, and/or (ii) derive a majority of their revenues or profits from Africa (“the continent”). The Fund defines fixed income securities to include bills, notes, bonds, senior loans, participation notes, pass-through certificates, asset-backed securities, mortgage-backed securities and certificates of deposit. The Fund will invest in fixed income securities without restriction as to capitalization, credit quality or maturity. The Fund may invest in fixed income securities that are sometimes referred to as "high yield" or "junk" bonds. The Nile Africa Fixed Income Fund seeks to maximize current income through investment in government-backed fixed income securities as well as fixed income securities of companies located in, with significant business operations in or that derive significant revenues from Africa. This Fund will seek capital appreciation as a

secondary investment objective.

The investments by each of the Funds may include equity securities listed on stock exchanges outside of Sub-Saharan Africa. A number of companies have substantial African operations but are listed on internationally well recognized stock exchanges such as the Toronto Stock Exchange, New York Stock Exchange, Australia Stock Exchange and London Stock Exchange and not on Sub-Saharan Africa stock exchanges. Shareholders of the Funds are advised to review the Fund prospectus for a complete description of the investment objectives, policies, and operational structure of the Funds.

The Advisory Agreement between Advisor and the Funds will continue from year-to-year provided that continuance of the Advisory Agreement is approved by the Board of Trustees who supervise the operations of the Funds. The Funds' semi-annual report to shareholders will include a discussion regarding the Trustees' basis for approving the investment advisory contracts for the Funds.

The Advisory Agreement may be terminated without penalty upon 60 days written notice by a vote of a majority of the Trustees or by the Advisor. The Advisory Agreement shall terminate automatically in the event of its assignment.

Purchases of shares of the Funds can be directly from the Funds or through the Funds' designated intermediaries. Purchase order will be prices at the Net Asset Value ("NAV") next computed after the orders are received. Investors who purchase shares through a broker or agent may be charged a separate fee by the broker or agent. Redemption requests should be submitted in writing pursuant to the instructions in the Funds' prospectus. Redemption proceeds normally will be sent within 7 days after the Funds receipt of a shareholder's redemption request. For redemption requests, the NAV next determined after receipt of the redemption request will be used in processing the redemption request. The Funds may delay the distribution of redemption proceeds involving recently purchased shares until the check for the recently purchased shares has cleared. The Funds may suspend redemptions, if permitted by the Investment Company Act of 1940, for any period during which the NYSE is closed, trading is restricted by the Securities and Exchange Commission, or the SEC declares that an emergency exists. Redemptions may be suspended during other periods permitted by the SEC for the protection of the Funds' shareholders. During drastic economic and market changes, telephone redemptions may be difficult to implement.

As of the date of this brochure, the Nile Pan Africa fund is available to investors on several platforms including Charles Schwab, Pershing, Fidelity/NFS, Penson, Ameriprise, Scottrade, E\*Trade, Vanguard, Morgan Keegan, Questar Financial, Benefit Trust, New York Life, Options Xpress, Shareholder Services Group, Sterne Agee, Trade PMR and Commonwealth Financial. The Distributor for the fund is Northern Lights Distributors (an unaffiliated entity). As of the date of this brochure, the fund had assets under management of approximately \$27 million.

### **Hedge Funds:**

Nile Capital Management is preparing to launch an Africa focused hedge fund vehicle in 2013.

The firm is currently seeking seed investors to capitalize the fund. There are no assets under management as of the date of this brochure.

The Advisor will manage the fund in accordance with the investment objectives and policies of the fund. Prospective investors or shareholders of the fund are advised to review the fund's Confidential Offering Memorandum for a complete description of the investment objectives, policies, and operational structure.

**Portfolio Manager:**

Larry Seruma is the Managing Principal of Nile Capital Management LLC, the Advisor of the Nile Africa Funds. Mr. Seruma has over 20 years of experience in portfolio management, investment research and quantitative investment strategies. In 2004, Mr. Seruma founded Nile Capital Management, where he began his tenure as Portfolio Manager for the Nile Master Fund, a global long/short equity hedge fund. In 2005, the Nile Fund was integrated into Proxima Alfa Investments (USA) LLC (formerly VegaPlus Capital Partners), a subsidiary of Banco Bilbao Vizcaya Argentaria, and Mr. Seruma was named one of the firm's Managing Directors. Currently, Nile Capital Management serves as the Advisor for the Nile Africa Funds, which seek opportunities for investment across the African continent. Prior to founding Nile Capital Management, Mr. Seruma was a Principal at Barclays Global Investors (BGI), a division of Barclays Capital. He was a member of the Active Strategies Group there and also a member of BGI's Investment Process Committee. Early in his career, Mr. Seruma was an Options Market Maker in the Exchange pits at the Chicago Board of Options Exchange. Mr. Seruma has authored several articles on investments in Africa and other emerging/frontier markets, and has been featured in many leading financial publications. He is also the author of [www.moneywatchafrica.com](http://www.moneywatchafrica.com), a financial blog focused on understanding African investment opportunities, and serves on the Board for the Segal Family Foundation, which focuses on improving the quality of life in Sub Saharan Africa. He received an MBA in Analytic Finance and Statistics from the Booth School of Business, The University of Chicago, in 1996.

## **ITEM 5 FEES AND COMPENSATION**

### **Fee Table:**

	<b><u>Mutual Fund</u></b>
<b>Management Fee</b>	1.5%
<b>Performance Fee</b>	None

Management fees are typically billed and payable on a monthly basis (in arrears for investment companies).

### **Investment Company Management Fees:**

Nile Capital Management is paid a management fee equal to an annual 1.50% of the average daily net asset value of the amount of assets under management. There are no performance fees. Advisor believes that its fees are competitive with those fees charged by other investment advisers for comparable services. However, NCM's fees may be higher or lower than the fees charged by other investment advisers. NCM has entered into an Expense Limitation Agreement with the Nile Capital Investment Trust under which Advisor has agreed to waive or reduce its management fee and to assume other expenses of the Funds, if necessary, in an amount that limits "Total Annual Fund Operating Expenses", as indicated in the fee table in the Funds' prospectus. Fee waiver and reimbursement arrangements can decrease the Funds' expenses and boost its performance.

### **Other:**

Nile Capital Management and its employees do not receive any compensation for the sale of securities or investment products.



## **ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Nile Capital Management expects to charge a performance fee for the hedge fund. NCM does not foresee a potential conflict of interest arising from managing both a mutual fund and a hedge fund given the fact that the hedge fund will not be limited in its investment parameters to securities which meet certain liquidity hurdles, as appropriate for a mutual fund.

## **ITEM 7 TYPES OF CLIENTS**

Nile Capital Management, LLC, primarily provides investment advice to the Nile Series of Mutual Funds of the Nile Capital Investment Trust which is registered under the 1940 Investment Company Act.

The minimum account size for the Nile Pan Africa Fund is \$1,000.

## **ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **PRINCIPAL INVESTMENT STRATEGIES**

In general, Nile Capital Management seeks to invest at least 80% of existing and prospective funds' assets in African securities that correspond to its name.

#### **Nile Pan Africa Fund**

Nile Capital Management seeks to achieve the Fund's investment objective by investing primarily in common stock of African companies, exchange-traded funds ("ETFs") that invest primarily in African companies equity-related securities (preferred stock and debt securities convertible into common stock) of African companies, and fixed income securities issued by or guaranteed by African governments, their agencies and instrumentalities, African companies and African multi-national organizations.

NCM defines African companies as those that (i) have a majority of their assets in, (ii) derive a majority of their revenues or profits from Africa ("the continent"), or (iii) whose securities are principally traded on African securities exchanges. The Fund will invest in the securities of companies of any capitalization. Under normal market conditions, the Fund invests at least 80% of its assets (defined as net assets plus any borrowing for investment purposes) in African companies, securities issued by or guaranteed by African governments, their agencies and instrumentalities, and African multi-national organizations. The Fund's adviser seeks to identify companies suitable for investment by using top-down economic analysis; and seeks to identify suitable value and growth companies by employing bottom-up fundamental analysis. The top-down approach utilizes macroeconomic analysis that evaluates a country's outlook for economic growth, inflation, interest rates, currency, regulatory framework and political stability. In addition, this analysis evaluates the supply and demand trends for various industries. The bottom-up approach utilizes fundamental valuation analysis that considers factors such as cash flow return on investments, returns on invested capital, health of balance sheets, strong competitive advantages, prospects for earnings growth, strength of management, sound financial management, sound accounting policies, and pricing flexibility. The adviser, as part of its company evaluation, may set up onsite visits and meetings with corporate officers. In some cases, the adviser will meet with a country's Central Bank representatives, at its discretion. The adviser seeks to achieve the Fund's investment objective by buying and holding investments over a long investment period. In general, the adviser will sell a security if it no longer meets the top-down or bottom-up investment criteria.

#### *Top-Down Economic Country Analysis*

NCM utilizes a top down economic country analysis that considers, among other things, the country's level of economic growth, consistent gross domestic product growth, foreign

exchanges rates and flows, the inflation rate, the size of the government debt, the country's level of foreign exchange reserves, the country's fiscal policies, rising standards of living and personal consumption. In addition, the country political environment, regulatory framework and regulations are also considered. NCM utilizes its own investment research analysis to rank the countries based on the economic analysis. Countries that meet the Advisor's macro economic characteristics are included in the adviser's investable universe.

#### *Bottom-Up Fundamental Company Analysis*

Nile Capital management utilizes a bottom up fundamental analysis on the companies to identify companies with the best growth prospects and relative values. The analysis considers companies with the following characteristics; healthy balance sheets, companies will low levels of debt or gearing, cash flow return on investment, return on investments, pricing flexibility, the supply and demand conditions of the industry and company, the prospects for earnings and revenue growth, strong competitive advantages, the strength of management, sound financial and accounting policies, and managerial and shareholder responsiveness. The Advisor adds securities to the portfolio that meet its buy criteria and sells securities when it believes they are no longer undervalued or meet targets for growth prospects.

#### **PRINCIPAL INVESTMENT RISKS**

There is no assurance that a Fund will achieve its investment objective. Each Fund's share price will fluctuate with changes in the market value of its portfolio securities. When you sell your Fund shares, they may be worth less than what you paid for them and, accordingly, you can lose money investing in the Funds. Risks could adversely affect the net asset value, total return and the value of a Fund and your investment. The risk descriptions below provide a summary explanation of the principal investment risks. Prospective investors are strongly encouraged to review and understand the Prospectus, including the risk sections.

The risks apply to each Fund, except as noted.

· *African Market Risk.* Because the Funds will invest the majority of their assets in African companies and governments, directly or through ETFs, it is highly dependant on the state of the African economy and the financial prospects of specific African companies. Certain African markets are in only the earliest stages of development with less liquidity, fewer securities brokers, fewer issuers and more capital market restrictions compared to developed markets. Investment in the securities of African issuers may increase the volatility of a Fund's net asset value. The Funds, as an investor in such issuers, will be indirectly subject to those risks. Investment in securities of African issuers involves risks not typically associated with investments in securities of issuers in developed countries. Such heightened risks include, among others, expropriation and/or nationalization of assets, confiscatory taxation, political instability, including authoritarian and/or military involvement in governmental decision-making, armed conflict, the impact on the economy as a result of civil war, and social instability as a result of religious, ethnic and/or socioeconomic unrest and, in certain countries, genocidal warfare.

Certain countries in Africa may be heavily dependent upon international trade and, consequently,

have been and may continue to be negatively affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These countries also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. Certain countries in Africa depend to a significant extent upon exports of primary commodities such as gold, silver, copper and diamonds. These countries therefore are vulnerable to changes in commodity prices, which may be affected by a variety of factors. In addition, certain issuers located in countries in Africa in which the Fund invests may operate in, or have dealings with, countries subject to sanctions and/or embargoes imposed by the U.S. Government and the United Nations and/or countries identified by the U.S. Government as state sponsors of terrorism. As a result, an issuer may sustain damage to its reputation if it is identified as an issuer which operates in, or has dealings with, such countries.

Because securities markets of countries in Africa are underdeveloped and are less correlated to global economic cycles than those markets located in more developed countries, securities markets in Africa are subject to greater risks associated with market volatility, lower market capitalization, lower trading volume, illiquidity, inflation, greater price fluctuations and uncertainty regarding the existence of trading markets. Moreover, trading on securities markets may be suspended altogether. Market volatility may also be heightened by the actions of a small number of investors. Brokerage firms in certain countries in Africa may be fewer in number and less established than brokerage firms in more developed markets. Since the Funds may need to effect securities transactions through these brokerage firms, the Funds are subject to the risk that these brokerage firms will not be able to fulfill their obligations to the Funds. This risk is magnified to the extent the Funds effect securities transactions through a single brokerage firm or a small number of brokerage firms. Issuers located or operating in countries in Africa are not subject to the same rules and regulations as issuers located or operating in more developed countries. Therefore, there may be less financial and other information publicly available with regard to issuers located or operating in countries in Africa and such issuers are not subject to the uniform accounting, auditing and financial reporting standards applicable to issuers located or operating in more developed countries.

· *Credit Risk.* Issuers of fixed-income securities may default on interest and principal payments owed to the Funds. Generally, securities with lower debt ratings have speculative characteristics and have greater risk the issuer will default on its obligation. Fixed-income securities rated in the fourth classification by Moody's (Baa) and S&P (BBB) may have some speculative characteristics and changes in economic conditions or other circumstances are more likely to lead to a weakened capacity of those issuers to make principal or interest payments, as compared to issuers of more highly rated securities. High yield fixed-income securities (also known as "junk bonds") are considered speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations. This means that, compared to issuers of higher rated securities, issuers of medium and lower rated securities are less likely to have the capacity to pay interest and repay principal when due in the event of adverse business, financial or economic conditions and/or may be in default or not current in the payment of interest or principal. The market values of medium- and lower-rated securities tend to be more sensitive to company-specific developments and changes in economic conditions than higher-rated securities. The companies that issue these securities often are highly leveraged, and their

ability to service their debt obligations during an economic downturn or periods of rising interest rates may be impaired. In addition, these companies may not have access to more traditional methods of financing, and may be unable to repay debt at maturity by refinancing. The risk of loss due to default in payment of interest or principal by these issuers is significantly greater than with higher-rated securities because medium- and lower-rated securities generally are unsecured and subordinated to senior debt. Default, or the market's perception that an issuer is likely to default, could reduce the value and liquidity of securities held by the Funds, thereby reducing the value of your investment in the Funds' shares. In addition, default may cause the Fund to incur expenses in seeking recovery of principal or interest on its portfolio holdings.

· *Currency Risk.* Adverse changes in currency exchange rates (relative to the U.S. dollar) may erode or reverse any potential gains from a Fund's investments denominated in a foreign currency or may widen existing losses. Exchange rate movements are volatile and it is not possible to effectively hedge the currency risks of many developing countries.

Currency market risk results from the price movement of foreign currency values in response to shifting market supply and demand. Interest rate risk arises whenever a country changes its stated interest rate target associated with its currency. Country risk arises because virtually every country has interfered with international transactions in its currency. Interference has taken the form of regulation of the local exchange market, restrictions on foreign investment by residents or limits on inflows of investment funds from abroad. Restrictions on the exchange market or on international transactions are intended to affect the level or movement of the exchange rate. This risk could include the country re-issuing a new currency, effectively making the "old" currency worthless.

· *Emerging Market Risk.* African emerging market countries may have relatively unstable governments, weaker economies, and less-developed legal systems with fewer security holder rights. Emerging market economies may be based on only a few industries and security issuers may be more susceptible to economic weakness and more likely to default. Emerging market securities also tend to be less liquid. The Funds may invest a portion of their assets in countries with newly organized or less developed securities markets. There are typically greater risks involved in investing in emerging markets securities. Generally, economic structures in these countries are less diverse and mature than those in developed countries and their political systems tend to be less stable. Investments in emerging markets countries may be affected by government policies that restrict foreign investment in certain issuers or industries. The potentially smaller size of their securities markets and lower trading volumes can make investments relatively illiquid and potentially more volatile than investments in developed countries, and such securities may be subject to abrupt and severe price declines. Due to this relative lack of liquidity, the Funds may have to accept a lower price or may not be able to sell a portfolio security at all. An inability to sell a portfolio position can adversely affect a Fund's value or prevent a Fund from being able to meet cash obligations or take advantage of other investment opportunities.

· *Equity Market Risk.* Equity markets can be volatile. In other words, the prices of equity securities can fall rapidly in response to developments affecting a specific company or industry, or to changing economic, political or market conditions. The Funds' investments may decline in

value if the equity markets perform poorly. There is also a risk that the Fund's investments will underperform either the securities markets generally or particular segments of the securities markets.

· *ETF Risk.* TFs are subject to investment advisory and other expenses, which will be indirectly paid by the Funds. As a result, the cost of investing in the Funds will be higher than the cost of investing directly in ETFs and may be higher than other mutual funds that invest directly in equities. The ETFs in which the Funds invest will not be able to replicate exactly the performance of the indices they track and the market value of ETF shares may differ from their net asset value. ETFs are listed on national stock exchanges and are traded like stocks listed on an exchange. ETF shares may trade at a discount to or a premium above net asset value if there is a limited market in such shares. ETFs are also subject to brokerage and other trading costs, which could result in greater expenses to the Funds. Because the value of ETF shares depends on the demand in the market, the adviser may not be able to liquidate a Fund's holdings at the most optimal time, adversely affecting performance. Additional risks of investing in ETFs are described below:

· *ETF Strategy Risk:* Each ETF is subject to specific risks, depending on the nature of the ETF. These risks could include liquidity risk, sector risk, foreign and emerging market risk, as well as risks associated with investments in commodities.

· *ETF Leverage Risk.* ETFs may employ leverage, which magnifies the changes in the underlying stock index upon which they are based. For example, if an ETF's current benchmark is 200% of the XYZ Index and the ETF meets its objective, the value of the ETF will tend to increase or decrease twice the value of the change in the underlying index. (e.g., if the XYZ Index goes up 10% then the leveraged ETF's value should go up 20%; conversely, if the XYZ Index goes down 10% then the leveraged ETF's value should go down 20%).

· *Net Asset Value and Market Price Risk:* The market value of ETF shares may differ from their net asset value. This difference in price may be due to the fact that the supply and demand in the market for ETF shares at any point in time is not always identical to the supply and demand in the market for the underlying basket of securities. Accordingly, there may be times when an ETF share trades at a premium or discount to its net asset value.

· *Tracking Risk:* ETFs in which a Fund invests will not be able to replicate exactly the performance of the indices they track because the total return generated by the securities will be reduced by transaction costs incurred in adjusting the actual balance of the securities. In addition, the ETFs in which a Fund invests will incur expenses not incurred by their applicable indices. Certain securities comprising the indices tracked by the ETFs may, from time to time, temporarily be unavailable, which may further impede the ETFs' ability to track their applicable indices.

· *Foreign Investing Risk.* Investments in foreign countries are subject to currency risk and country-specific risks such as political, diplomatic, regional conflicts, terrorism, war, social and economic instability and policies that have the effect of decreasing the value of foreign securities. Foreign countries may be subject to different trading settlement practices, less government supervision, less publicly available information, limited trading markets and greater volatility than U.S. investments. Additionally, investments in securities denominated in foreign

currencies are subject to the risk that those currencies will decline in value relative to the U.S. dollar. A decline in the value of foreign currencies relative to the U.S. dollar will reduce the value of securities held by a Fund and denominated in those currencies.

· *Frontier Market Risk.* A sub-set of African emerging market countries are considered to be "frontier markets." Frontier market countries generally have smaller economies and less developed capital markets than traditional emerging markets, and, as a result, the risks of investing in emerging market countries are magnified in frontier market countries. The economies of frontier market countries are less correlated to global economic cycles than those of their more developed counterparts and their markets have low trading volumes and the potential for extreme price volatility and illiquidity. This volatility may be further heightened by the actions of a few major investors. For example, a substantial increase or decrease in cash flows of mutual funds investing in these markets could significantly affect local stock prices and, therefore, the price of a Fund's shares. These factors make investing in frontier market countries significantly riskier than in other countries and any one of them could cause the price of a Fund's shares to decline.

· *Interest Rate Risk.* Fixed income securities have varying levels of sensitivity to changes in interest rates. In general, the price of a fixed income security may fall when interest rates rise. Securities with longer maturities may be more sensitive to interest rate changes. Certain corporate bonds and mortgage-backed securities may be significantly affected by changes in interest rates. Some mortgage-backed securities may have a structure that makes their reaction to interest rates and other factors difficult to predict, making their value highly volatile. Because zero coupon securities do not make interest payments, they are considered more volatile than bonds making periodic payments. When interest rates rise, zero coupon securities fall more sharply than interest paying bonds.

· *Issuer-Specific Risk.* The value of a specific security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. The value of securities of smaller issuers can be more volatile than those of larger issuers. The value of certain types of securities can be more volatile due to increased sensitivity to adverse issuer, political, regulatory, market, or economic developments.

· *Liquidity Risk.* Some securities may have few market-makers and low trading volume, which tend to increase transaction costs and may make it impossible for a Fund to dispose of a security position at all or at a price which represents current or fair market value. Liquidity risk exists when particular investments of a Fund would be difficult to purchase or sell, possibly preventing a Fund from selling such illiquid securities at an advantageous time or price, or possibly requiring a Fund to dispose of other investments at unfavorable times or prices in order to satisfy its obligations. A Fund with principal investment strategies that involve securities of companies with smaller market capitalizations, non-U.S. securities, Rule 144A securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk.

· *Lower-Rated Securities Risk.* Fixed income securities rated below investment-grade, sometimes called "high-yield" or "junk" bonds, generally have more credit risk than higher-rated securities.



These securities are considered speculative. Companies and governments issuing high yield fixed-income securities are not as strong financially as those issuing securities with higher credit ratings. These issuers are more likely to encounter financial difficulties and are more vulnerable to changes in the economy, such as a recession or a sustained period of rising interest rates, which could affect their ability to make interest and principal payments. If an issuer stops making interest and/or principal payments, payments on the securities may never resume. These securities may be worthless and a Fund could lose its entire investment. High yield fixed-income securities are considered speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations. This means that, compared to issuers of higher rated securities, issuers of lower rated securities are less likely to have the capacity to pay interest and repay principal when due in the event of adverse business, financial or economic conditions and/or may be in default or not current in the payment of interest or principal. The market values of lower-rated securities tend to be more sensitive to company-specific developments and changes in economic conditions than higher-rated securities. The companies that issue these securities often are highly leveraged, and their ability to service their debt obligations during an economic downturn or periods of rising interest rates may be impaired. In addition, these companies may not have access to more traditional methods of financing, and may be unable to repay debt at maturity by refinancing. The risk of loss due to default in payment of interest or principal by these issuers is significantly greater than with higher-rated securities because medium- and lower-rated securities generally are unsecured and subordinated to senior debt. Default, or the market's perception that an issuer is likely to default, could reduce the value and liquidity of securities held by a Fund, thereby reducing the value of your investment in Fund shares. In addition, default may cause a Fund to incur expenses in seeking recovery of principal or interest on its portfolio holdings.

· *Management Risk.* The adviser's judgments about the attractiveness and potential appreciation of a security or futures contract may prove to be inaccurate and may not produce the desired results. Additionally, the adviser's reliance on investment strategy judgments about the "growth" potential of particular companies or the relative "value" of particular securities may prove to be incorrect or inconsistent with the overall market's assessment of these characteristics, which may result in lower than expected returns. The adviser's investment style may subject a Fund to certain risks. A portfolio company's earnings growth may not increase as much as the adviser assumes it will. Even if a portfolio company's earnings grow as the adviser expects, there may not be a corresponding increase in the portfolio company's share value. Also, the adviser's determination of reasonable valuation for a portfolio security may be incorrect. Additionally, the adviser's assessment of the credit quality of an issuer may prove incorrect, subjecting a Fund to high default risk. Consequently, a Fund may pay more for a portfolio security than it is worth.

· *Non-Diversification Risk.* As a non-diversified fund, each Fund may invest more than 5% of its total assets in the securities of one or more issuers. A Fund may also invest in ETFs that are non-diversified. Because a relatively high percentage of the assets of a Fund may be invested in the securities of a limited number of issuers, the value of shares of the Fund may be more sensitive to any single economic, business, political or regulatory occurrence than the value of shares of a diversified investment company. This fluctuation, if significant, may affect the performance of a Fund.

· *Political/Economic Risk.* Changes in an African country's economic and tax policies, high inflation rates, government instability, war or other political or economic actions or factors may have an adverse effect on a Fund's investments. In addition, governments of certain countries in Africa in which a Fund may invest may levy withholding or other taxes on income such as dividends, interest and realized capital gains. Although in certain countries in Africa a portion of these taxes are recoverable, the non-recovered portion of foreign withholding taxes will reduce the income received from investments in such countries. Investment in countries in Africa may be subject to a greater degree of risk associated with governmental approval in connection with the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, there is the risk that if an African country's balance of payments declines, such African country may impose temporary restrictions on foreign capital remittances. Consequently, a Fund could be adversely affected by delays in, or a refusal to grant, required governmental approval for repatriation of capital, as well as by the application to a Fund of any restrictions on investments. Additionally, investments in countries in Africa may require a Fund to adopt special procedures, seek local government approvals or take other actions, each of which may involve additional costs to a Fund. Securities laws in many countries in Africa are relatively new and unsettled and, consequently, there is a risk of rapid and unpredictable change in laws regarding foreign investment, securities regulation, title to securities and shareholder rights. Accordingly, foreign investors may be adversely affected by new or amended laws and regulations. In addition, there may be no single centralized securities exchange on which securities are traded in certain countries in Africa and the systems of corporate governance to which issuers located in countries in Africa are subject may be less advanced than that to which issuers located in more developed countries are subject, and therefore, shareholders of issuers located in such countries may not receive many of the protections available to shareholders of issuers located in more developed countries. In circumstances where adequate laws and shareholder rights exist, it may not be possible to obtain swift and equitable enforcement of the law. In addition, the enforcement of systems of taxation at federal, regional and local levels in countries in Africa may be inconsistent and subject to sudden change.

· *Regulatory Risk.* Certain governments in Africa restrict or control to varying degrees the ability of foreign investors to invest in securities of issuers located or operating in those countries. These restrictions and/or controls may at times limit or prevent foreign investment in securities of issuers located or operating in countries in Africa. Moreover, certain countries in Africa require governmental approval or special licenses prior to investments by foreign investors and may limit the amount of investments by foreign investors in a particular industry and/or issuer and may limit such foreign investment to a certain class of securities of an issuer that may have less advantageous rights than the classes available for purchase by domiciliaries of the countries and/or impose additional taxes on foreign investors. A delay in obtaining a government approval or a license would delay investments in a particular country, and, as a result, a Fund may not be able to invest in certain securities while approval is pending. The government of a particular country may also withdraw or decline to renew a license that enables a Fund to invest in such country. These factors make investing in issuers located or operating in countries in Africa significantly riskier than investing in issuers located or operating in more developed countries, and any one of them could cause a decline in the value of a Fund's Shares. Less information may be available about companies in which a Fund invests because many African companies are not

subject to uniform accounting, auditing, and financial reporting standards or to other regulatory practices and requirements required of U.S. companies.

· *Small and Medium Capitalization Company Risk.* The value of a small or medium capitalization company equities, ETFs that invest in equities of small and medium capitalization companies, futures based upon small and medium capitalization equities, or fixed income securities issued by small or medium capitalization company may be subject to more abrupt or erratic market movements than those of larger, more established companies or the market averages in general. Companies with small and medium size market capitalization often have narrower markets, fewer products or services to offer and more limited managerial and financial resources than do larger, more established companies. Investing in lesser-known, small and medium capitalization companies involves greater risk of volatility of a Fund's net asset value than is customarily associated with larger, more established companies. Often smaller and medium capitalization companies and the industries in which they are focused are still evolving and, while this may offer better growth potential than larger, more established companies, it also may make them more sensitive to changing market conditions. Small cap companies may be subject to more pronounced versions of the risks described because of their smaller size.

· *Turnover Risk.* A higher portfolio turnover may result in higher transactional and brokerage costs associated with the turnover which may reduce the Fund's return, unless the securities traded can be bought and sold without corresponding commission costs. Active trading of securities may also increase the Fund's realized capital gains or losses, which may affect the taxes you pay as a Fund shareholder. The Fund's portfolio turnover rate is expected to be above 100% annually.

## **ITEM 9 DISCIPLINARY INFORMATION**

There are no material legal or disciplinary events.

## **ITEM 10      OTHER FINANCIAL INDUSTRY** **ACTIVITIES AND AFFILIATIONS**

Nile Capital Management is affiliated with the following entities:

Nile Capital Investment Trust – A 1940 Act, registered investment company that hosts the Nile Pan Africa Fund, the Nile Africa Fixed Income Fund and the Nile Africa Natural Resources Fund. Nile Capital Management is the investment manager for these mutual funds.

NCM is not aware of any material conflicts of interests between the affiliated entities.

## **ITEM 11      CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Nile Capital Management acknowledges that investment advisers are required to establish, maintain and enforce a Code of Ethics. The Advisor has established a Code of Ethics that applies to all of its associated persons. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of its clients at all times. NCM has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for NCM's Code of Ethics. The Advisor requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and when changes occur, all supervised persons will sign an acknowledgement that they have read, understand and agree to comply with NCM's Code of Ethics. The Advisor has the responsibility to make sure that the interests of all clients are placed ahead of Advisor's or its supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. NCM and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of NCM's Code of Ethics. However, if a client or a potential client wishes to review Advisor's Code of Ethics in its entirety, a copy will be provided promptly upon request.

## **ITEM 12      BROKERAGE PRACTICES**

Upon receiving written authorization from the client, Advisor may provide discretionary investment advisory services for client portfolios. When discretionary authority is granted, Advisor will have the authority to determine the type and amount of securities that can be bought or sold for the client portfolio, to select the broker or dealer to be used for the purchase and sale of securities in client's portfolio, and to determine commission rates paid without obtaining the client's consent for each transaction.

The broker-dealers or other entity serving as custodian or executing securities trades for Advisor's clients are selected based upon best execution practices for a particular trade or service. Nile Capital Management does engage in soft dollar relationships with broker-dealers and a copy of its soft-dollar policy is available upon request. The Advisor does not use client brokerage to reward brokers for client referrals. As a fiduciary, Nile Capital Management endeavors to act in its clients' best interests.

## **ITEM 13      REVIEW OF ACCOUNTS**

### **Investment Company Management Reviews:**

The portfolios for the Nile Series of Mutual Funds under the Nile Capital Investment Trust are each typically reviewed on a daily basis. While the calendar is the main triggering factor for reviews, other factors include the deviation from management style of any Fund's objectives.



## **ITEM 14      CLIENT REFERRALS AND OTHER** **COMPENSATION**

In accordance and within SEC regulatory compliance, Nile Capital Management may retain the services of Third Party Marketers for client referrals. Any compensation paid for such referrals is the responsibility of the Advisor and not the respective client, mutual or hedge fund. To date, the Advisor has made cash payments to Third Party Marketers on a monthly basis to assist in marketing the Advisor's services.

Nile Capital Management has not received any economic benefit from a non-client for providing advisory services to a client. Therefore, there are no conflict of interest concerns.

## **ITEM 15      CUSTODY**

Nile Capital Management utilizes Fifth Third Bank as the qualified custodian for the Nile Series of mutual funds under the Nile Capital Investment Trust.

## **ITEM 16      INVESTMENT DISCRETION**

Nile Capital Management has accepted investment discretion to manage securities on behalf of the Nile Series of mutual funds under the Nile Capital Investment Trust. When discretionary authority is granted, Advisor will have the authority to determine the type and amount of securities that can be bought or sold for the client portfolio, to select the broker or dealer to be used for the purchase and sale of securities in client's portfolio, and to determine commission rates paid without obtaining the client's consent for each transaction.

## **ITEM 17      VOTING CLIENT SECURITIES**

Advisor shall vote proxies on behalf of its clients when requested based upon the best interest of the client. Nile Capital Management's proxy voting policies and procedures are reviewed by the Board of Trustees of the Nile Capital Investment Trust. Other clients may obtain a copy of Nile's proxy voting policies by making a request in writing.

## **ITEM 18      FINANCIAL INFORMATION**

There is no financial condition that is reasonably likely to impair Nile Capital Management's ability to meet contractual commitments to its clients. The Board of Trustees of Nile Capital Investment Trust review the Advisor's ability to fulfill contractual commitments to the Nile Series of Mutual Funds on a quarterly basis.

## **ITEM 19      REQUIREMENTS FOR STATE- REGISTERED ADVISERS**

Nile Capital Management is registered as an adviser with the Securities and Exchange Commission.