

Item 1 - Cover Page

DISCERN Investment Analytics, Inc.

Doing business as:

"DISCERN"

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March 2015

Form ADV, Part 2, our "Disclosure Brochure" or "Brochure" as required by the Investment Advisers Act of 1940 ("Advisers Act") and related rules, is a very important document provided to our Clients ("you", "your") by DISCERN Investment Analytics, Inc. ("DISCERN", "us", "we", "our"). This Brochure provides information about our qualifications and business practices. If you have any questions about the contents of this brochure, please contact us at (415) 645-6588 or at compliance@discern.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. We are a registered Investment Adviser with the SEC. Our registration as an Investment Adviser does not imply any level of skill or training. Additional information about DISCERN is also available on the SEC's website at www.adviserinfo.sec.gov (click on the link, select "investment adviser search", then select "investment adviser firm" and then type in our firm name). Results will provide you with both Parts 1 and 2 of our Form ADV.

Item 2 – Material Changes

There are no material changes from our last filing. In future filings, this section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) www.adviserinfo.sec.gov. We may, at any time, update this Brochure and either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form). If you would like another copy of this Brochure, please download it from the SEC website as indicated above or you may contact our Chief Compliance Officer, Scott Starbird, at (415) 645-6526 or ssstarbird@discern.com.

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**** These sections are not applicable to our business. On the indicated page an explanation of the reason they are not applicable is presented.***

Item 4 – Advisory Business

DISCERN is a corporation organized under the laws of the state of Delaware on December 4, 2009. DISCERN has been registered as an investment adviser with the SEC since January 16, 2010, in order to provide the investment advisory products and services described within this document. DISCERN is a wholly-owned subsidiary of DISCERN Group, Inc. (the "Parent Company"). Artiman Ventures 2014 L.P. owns approximately 36% of the Parent Company. No other person or entity owns 25% or more of the Parent Company. Neither DISCERN nor any of its affiliates is publicly-held.

The Parent Company's holdings consist of two wholly-owned subsidiaries in addition to DISCERN. These are DISCERN Securities, Inc. and DISCERN Technologies, Inc. DISCERN Securities, Inc. is registered with the SEC as a broker-dealer and is a member of the Financial Industry Regulatory Authority (FINRA). This affiliate became a member of FINRA on November 3, 2011. DISCERN Technologies, Inc. is engaged in the development and marketing of technologies designed to enhance information analytics related to investment research and other information-intensive activities.

DISCERN produces and provides to clients independent investment research and offers its clients investment advisory services, data and analytical tools. Our clients are primarily institutional asset management firms.

Independent Research Services

DISCERN's advisory services consist of written and quantitative investment research delivered electronically, consultations with analysts delivered via direct telephone call or through in-person meetings, and group sessions with multiple clients in the form of conference calls and live events. DISCERN currently provides research coverage of the following sectors and areas: U.S. oil and gas exploration and production, U.S. real estate, U.S. banks, U.S. consumer retail, China macro, U.S. macro, and U.S. equity strategy. DISCERN may add additional sectors to its coverage list in the foreseeable future. Research coverage includes regular company, sector and macroeconomic reports plus periodic special reports on individual companies, groups of companies, sectors or developments relating to particular sectors or relating to the economy.

Custom Research Services

Upon request, the research services mentioned above are supplemented by custom research to meet individual client needs.

DISCERN's custom research services provide clients with timely, personalized solutions to their investment research challenges. Types of custom research include quantitative analysis, charting and historical studies.

Other Products

DISCERN also provides unique datasets and analytical tools to its customers. These products include both licensed third party datasets and tools, and datasets and tools developed by DISCERN. Examples of available datasets include residential housing pricing

data, construction permit data and specialized bank mortgage data. Examples of available analytical tools include portfolio position sizing tools and risk-adjusted portfolio pricing tools.

Investment Advisory Consulting Services

When requested, DISCERN may offer other consulting services to clients, such as long term sector forecasting, for a fixed or hourly rate.

Other

DISCERN does not offer wrap fee programs and does not manage any client assets.

Item 5 – Fees and Compensation

Below is a description of DISCERN's basic fees schedules, a description of how fees are charged, whether fees are negotiable, when compensation is payable, refund policies and other applicable information. For more detail on any product or service please contact DISCERN at (415) 645-6588.

Independent Research Services

DISCERN's research publications and services are available on a fee basis ranging from approximately \$25,000 to \$1,000,000 per year, depending upon the combination of research products, the seniority of the research analyst or analysts involved, the type of research requested by the client and the number of users at each client firm. Fees are negotiable and payable quarterly or annually unless otherwise negotiated with the client.

Custom Research Services

As described in Item 4, DISCERN provides customized research and analysis for which it charges hourly or fixed project fees based on the estimated time to complete and complexity of the project. Hourly and fixed fees are negotiable and are based on the complexity involved.

DISCERN agreements will vary by client. Generally, each agreement will provide that the money manager or DISCERN may terminate the agreement within an agreed upon time frame and upon written notification. Upon termination, clients will be billed only for the pro rata portion of the completed contract period.

Investment Advisory Consulting Services

As described in Item 4, DISCERN may offer other consulting services to clients, such as long term sector forecasting for a fixed or hourly rate. Hourly and fixed fees are negotiable and are based on the complexity of the work involved.

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

Item 6 is inapplicable to DISCERN because we are not engaged in the business of money management and we do not maintain custody of client funds nor do we trade client accounts.

Item 7 – Types of Clients

As stated in Item 4, DISCERN's independent financial research and investment advisory services are offered primarily to asset management firms. DISCERN does not market to retail investors. All of DISCERN's clients are sophisticated institutional investors.

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

In formulating its investment advice, DISCERN applies fundamental equity and economic analysis, utilizing large datasets not often utilized by other investment advisers. DISCERN employs sector analysts to cover each industry sector.

There are inherent risks involved with fundamental equity and economic analysis. Investing in equity securities involves volatility and risk of loss which you should be prepared to bear.

Item 9 – Disciplinary Information

We do not have any legal, financial or other “disciplinary” items to report. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a client-adviser relationship, or to continue a client-adviser relationship with us. This statement applies to DISCERN, and to each of its employees.

Item 10 – Other Financial Industry Activities and Affiliations

DISCERN has a sister subsidiary, DISCERN Securities, Inc., that is a broker-dealer and is a member of FINRA. DISCERN Securities has entered into a Research Services Agreement to obtain research from DISCERN for provision to its institutional investor trading clients. DISCERN Securities provides DISCERN's research materials to its customers and is compensated through trading directed to it by its clients. DISCERN Securities engages in trading on an agency basis only, does not make markets in securities, does not trade on a proprietary basis, and does not maintain custody of client monies or securities. DISCERN Securities, Inc. clears all trades through BNY ConvergeX Execution Solutions LLC. Both DISCERN and DISCERN Securities are wholly-owned subsidiaries of DISCERN Group, Inc.

In addition to being registered as an Investment Adviser, DISCERN is registered as a Commodity Trading Adviser with the Commodity Futures Trading Commission.

Aside from the relationships mentioned above, neither DISCERN nor its employees have any arrangement that is material to our advisory business or to our clients with an affiliated person that is a(n):

- Investment company,
- Futures commission merchant or commodity pool operator,
- Banking or thrift institution,
- Accountant or accounting firm,
- Lawyer or law firm,
- Insurance company or agency,
- Pension consultant, or
- Real estate broker or dealer.

Item 11 – Code of Ethics

As a professional organization whose primary business is providing investment research products and services to institutional investors, all officers, directors and employees of DISCERN (referred to herein as "DISCERN Employees") must be guided in their actions by the highest ethical and professional standards.

In view of the foregoing and applicable provisions of Rule 204A-1 of the Investment Advisers Act of 1940, DISCERN has adopted the DISCERN Code of Ethics to specify and prohibit certain types of transactions deemed to create conflicts of interest (or at least the potential for, or the appearance of, such a conflict), and to establish reporting requirements and enforcement procedures relating to personal trading by DISCERN Employees.

- A.** All DISCERN Employees must reflect the professional standards expected of persons in the investment advisory and investment research business at all times. These standards require all DISCERN Employees to be judicious, accurate, objective and reasonable in dealing with both clients and other parties so that their personal integrity remains unquestionable.
- B.** All DISCERN Employees must act within the spirit and the letter of the federal, state and local laws and regulations pertaining to investment advisers and the general conduct of business.
- C.** At all times, the interests of DISCERN's clients are paramount, and all DISCERN Employees will place the interests of DISCERN's clients ahead of any personal interests, except as may otherwise be approved or disclosed. Accordingly, personal transactions in securities by DISCERN Employees must be accomplished so as to avoid even the appearance of a conflict of interest on the part of such employees with the interests of DISCERN's clients. Likewise, DISCERN Employees must avoid actions or activities that allow (or appear to allow) a person to profit or benefit from his or her position with the adviser at the expense of clients, or that otherwise bring into question the person's independence or judgment.
- D.** DISCERN has adopted Insider Trading Policies, which set parameters for the establishment, maintenance and enforcement of policies and procedures to detect and prevent the misuse of material non-public information by DISCERN Employees. The Insider Trading Policies are a part of the Code of Ethics.
- E.** DISCERN has adopted Personal Trading Policies which set parameters for the establishment, maintenance and enforcement of policies and procedures to detect and prevent DISCERN Employees from taking advantage of, or even appearing to take advantage of, their fiduciary relationship with our clients. The Personal Trading Policies are a part of the Code of Ethics.
- F.** DISCERN Employees will not accept compensation for services from outside sources without the specific permission of DISCERN's Chief Compliance Officer.

- G.** When any DISCERN Employees face a conflict between their personal interests and the interests of clients, they will report the conflict to the Chief Compliance Officer for instruction on how to proceed.
- H.** DISCERN's recommendations and actions are confidential and private matters. Accordingly, it is our policy to prohibit the transmission, distribution or communication of any information regarding the securities holdings or securities transactions of clients. In addition, no information obtained during the course of employment in determining investment recommendations for advisory clients regarding particular securities (including internal reports and recommendations) may be transmitted, distributed, or communicated to anyone who is not affiliated with DISCERN, without the prior written approval of the Chief Compliance Officer.
- I.** DISCERN has adopted a policy governing giving, receiving or soliciting gifts so as not to create an appearance of impropriety or raise a potential conflict of interest.
- J.** DISCERN has adopted a policy prohibiting DISCERN Employees from serving on the Board of Directors of a publicly-traded company without prior authorization from DISCERN management.
- K.** The policies and guidelines set forth in DISCERN's Code of Ethics must be strictly adhered to by all DISCERN Employees. Severe disciplinary actions, including dismissal, may be imposed for violations of the Code of Ethics.
- L.** Employees of DISCERN may at times have a position in the securities recommended for client portfolios. They may also make purchases or sales of these securities while they are held by clients in their portfolios. Employees may not implement such purchases and sales in order to generate profits based on anticipated action in client portfolios.
- M.** Employees of DISCERN are required to have monthly brokerage statements and duplicate trade confirmations sent to the DISCERN Compliance Officer for personal trades in covered securities. All of these reports are monitored for violations of firm trading policies or conflicts of interest. On an annual basis, DISCERN employees are required to certify in writing that statements and confirms for all brokerage accounts with respect to which they have securities investment decision making authority are being provided to DISCERN.

Copies of the DISCERN Code of Ethics are available by contacting the Chief Compliance Officer at (415) 645-6526 or emailing compliance@discern.com.

Item 12 – Brokerage Practices

Item 12 is inapplicable to DISCERN because we are not engaged in the business of money management and we do not maintain custody of client funds nor trade client accounts on a discretionary basis. Therefore we have no occasion to select or recommend broker-dealers for client transactions. The trading activities of our affiliate, DISCERN Securities, Inc., are conducted on the basis of customer orders directed to this affiliate at the volition of those customers.

Item 13 – Review of Accounts

Item 13 is inapplicable to DISCERN because we are not engaged in the business of money management and we do not maintain custody of client funds nor trade client accounts on a discretionary basis.

Item 14 – Client Referrals and Other Compensation

DISCERN is sometimes compensated via Client Commission Arrangements, whereby unaffiliated broker-dealers, maintaining trading commission pools on behalf of our institutional fund manager clients, draw from such pools at the request of our clients to compensate us for provision of research services to our clients. We do not believe any material conflicts of interest affecting our business or clients arise from these arrangements.

Item 15 – Custody

Item 15 is inapplicable to DISCERN because we are not engaged in the business of money management and we do not maintain custody of client funds nor trade client accounts on a discretionary basis.

Item 16 – Investment Discretion

Item 16 is inapplicable to DISCERN because we are not engaged in the business of money management and we do not maintain custody of client funds nor trade client accounts on a discretionary basis.

Item 17 – Voting Client Securities

Item 17 is inapplicable to DISCERN because we are not engaged in the business of money management and we do not maintain custody of client funds nor trade client accounts on a discretionary basis.

Item 18 – Financial Information

DISCERN does not require or solicit prepayment of any fees six months or more in advance and does not have discretionary authority over, nor maintain custody of, client funds or securities. DISCERN is not currently, nor at any time in the past has been, the subject of a bankruptcy petition.