

Discerene Group LP

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This “Brochure” provides information about the qualifications and business practices of Discerene Group LP (henceforth “Discerene,” the “Firm,” the “Adviser,” “we,” or “us,”). If you have any questions about the contents of this Brochure, please contact us at 203-724-9961. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Discerene is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”). Registration does not imply a certain level of skill or training.

Additional information about Discerene also is available on the SEC’s website at <http://www.adviserinfo.sec.gov>.

Item 2 – Material Changes

The last annual amendment was filed on March 30, 2023, and more recently an other-than-annual amendment was filed on November 22, 2023. The Adviser does not consider any of the information contained in this version of the Brochure to represent a material change from the information contained in its most recent version. All current and prospective investors are encouraged to read this Brochure in its entirety as well as the applicable governing documents in their entirety.

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Item 4 – Advisory Business

Discerene Group LP, a Delaware limited partnership, is an investment adviser which provides discretionary investment advisory/management services to private investment funds, including Diakrisis Fund LP, Sagacia Fund LP, and Sabiduria Fund LP, each a Delaware limited partnership, Sagacia Offshore Fund LP, a Cayman Islands limited partnership, (the “Discerene Funds”), special purpose investment vehicles, each a Delaware limited partnership (the “SP Funds” and, collectively with the Discerene Funds, the “Funds”) and separately managed accounts (the “SMAs”). References throughout this document to “Clients” refer to the Funds and the SMAs, unless the context clearly suggests otherwise.

The Adviser commenced operations in June 2010. As of December 31, 2023, the Adviser managed \$2,391,283,000 in regulatory assets, all of which are managed on a discretionary basis. The Adviser does not manage any assets on a non-discretionary basis.

The Adviser’s primary investment objective is to achieve long-term capital appreciation by investing Client assets in portfolios of global securities. Depending on the Client mandate, the Adviser employs either a long-short or long-only investment strategy using a bottom-up fundamental valuation approach. For Clients with long-short mandates, short selling is done if believed to be sufficiently compelling and in line with each Client’s investment guidelines and pursuant to such Client’s Offering Documents (as defined below). Investments are made in the stocks of U.S. and non-U.S. issuers, including issuers in emerging markets. In addition to its core investment strategies, the Adviser may employ other investment strategies it deems appropriate, particularly through SP Funds, and may invest in and trade a variety of securities, instruments, and investments. The Adviser provides investment advisory services to the Clients based on each Client’s specific investment objective and strategy. The Adviser does not tailor its advisory services to the individual needs of investors in the Funds.

The Adviser does not participate in wrap fee programs.

SP Fund and SMA investors may elect to impose restrictions on certain types of transactions. Any such limitations are addressed in each such SP Fund’s governing documents or SMA investment management agreement. A Client’s private placement memorandum, investment management agreement, limited partnership agreement, and/or other governing documents are collectively referred to herein as “Offering Documents.”

Mr. Soo Chuen Tan is the President of the Adviser and sole owner of the Adviser’s general partner, Discerene Holdings Inc. Prior to founding the Adviser, Mr. Tan worked at Deccan Value Advisors, the Baupost Group, Halcyon Asset Management, and McKinsey & Company. Mr. Tan received a Bachelor of Arts degree in Jurisprudence from Oxford University and a Master of Business Administration degree from Harvard Business School.

Item 5 – Fees and Compensation

All fees are subject to negotiation at the Adviser's discretion.

Management Fees

Diakrisis Fund LP: The Adviser charges a quarterly management fee, which varies by class of interests, generally from 0.00% to 0.75% annualized, based on the opening capital account balance of each Fund investor for a calendar quarter. Management fees are payable quarterly in advance.

Sagacia Fund LP: The Adviser charges a quarterly management fee, which varies by class of interests, generally from 0.00% to 0.75% annualized, based on the opening capital account balance of each Fund investor for a calendar quarter. Management fees are payable quarterly in advance.

Sagacia Offshore Fund LP: The Adviser charges a quarterly management fee, which varies by class of interests, generally from 0.00% to 0.75% annualized, based on the opening capital account balance of each Fund investor for a calendar quarter. Management fees are payable quarterly in advance.

Sabiduria Fund LP: The Adviser charges a quarterly management fee, which varies by class of interests, generally from 0.00% to 0.75% annualized, based on the opening capital account balance of each Fund investor for a calendar quarter. Management fees are payable quarterly in advance.

SP Funds and SMAs: In general, for the SP Funds and SMAs, the Adviser charges a management fee at a rate that is negotiated between the Client and the Adviser. The specific manner in which fees are charged by the Adviser is established in a Client's Offering Documents. The Adviser will generally bill its management fees on a monthly or quarterly basis, either in advance or arrears. Investors may also elect to be billed directly for fees, or to authorize the Adviser to directly debit fees from Client accounts.

For the Funds, management fees are prorated for each capital contribution and withdrawal made during the applicable calendar quarter. SMAs initiated or terminated during a calendar quarter are charged a prorated fee. Upon termination of any account, any prepaid and unearned fees are promptly refunded, and any earned and unpaid fees will be due and payable, subject to the particular conditions of a Client's Offering Documents.

Termination and Withdrawal Fees

Termination/early-withdrawal fees and terms are negotiated with SP Funds and/or SMA investors individually.

Performance Allocations and Fees

The Adviser charges performance allocations and fees to certain qualified investors. For information regarding the performance allocations and fees charged, please see the relevant Client Offering Documents.

Operating Expenses

Clients bear all operating expenses and other costs of their investment activities, including (as applicable), but not limited to:

- accounting, bookkeeping, auditing, and tax preparation fees and expenses
- legal fees and expenses
- fees and disbursements of third parties performing work benefiting the Client
- insurance and bonding costs
- all trading expenses and transaction costs, including, but not limited to, brokerage commissions and expenses relating to short sales, clearing and settlement charges, interest on loans and debit balances, margin interest, broker service fees, and other clearing and custodial expenses
- fees or assessments in connection with any regulatory registrations, qualifications and/or approvals of the Client or the Adviser, and related compliance fees and expenses, deemed appropriate by the Adviser
- such research and portfolio management expenses as the Adviser shall deem appropriate, which may include, but are not limited to, expenses incurred in connection with due diligence investigations or research as to investments or potential investments, including travel, lodging, and other expenses incurred in connection with visits to companies, meetings, research symposiums and communications with company management, security holders, analysts and other third parties, costs of research reports, consultants, data feeds and databases, news wires and quotation services, periodical subscription fees, and costs of software (including risk control and market analytic software) utilized by the Adviser in connection with managing Client portfolios
- the cost of preparation and distribution of reports and statements
- all filing and recording fees
- all custodial fees and bank service fees
- all applicable federal, state, local, and foreign taxes
- extraordinary expenses.

The Adviser has no financial interest in any operating expenses borne by Clients, provided that with respect to any “soft-dollar” arrangements established or entered into by the Adviser with any brokerage firm, the Adviser obtains products or services that qualify as “research and brokerage services” within the meaning of Section 28(e) of the Securities Act of 1934, as amended.

Item 12 further describes the factors that the Adviser considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation (e.g., commissions).

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

In some cases, affiliates of the Adviser have entered into performance-based allocation and fee arrangements with qualified investors. The Adviser structures any performance-based allocation or fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (the “Advisers Act”) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3 adopted by the SEC pursuant to the Advisers Act. In measuring Clients' assets for the calculation of performance-based allocations and fees, the Adviser shall include realized and unrealized capital gains and losses. Performance-based allocation and fee arrangements may create an incentive for the Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different compensation arrangement. Such compensation arrangements also create an incentive to favor accounts that generate higher performance-based allocations and fees over other accounts in the allocation of investment opportunities. The Adviser has procedures designed and implemented to seek to ensure that all Clients are treated equitably over time, and to prevent this conflict from influencing the allocation of investment opportunities among Clients.

Item 7 – Types of Clients

The Adviser provides portfolio management services to the Discerene Funds, the SP Funds, and the SMAs, which are intended for institutions, including sovereign wealth entities, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, trust programs, family offices, and private investment partnerships.

The minimum investment in the Discerene Funds is \$5 million, which can be waived at the Adviser's discretion.

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

Investing in securities involves risk of loss that Clients should be prepared to bear.

The Adviser's primary investment objective is to achieve long-term capital appreciation. The Adviser seeks to achieve this objective by investing Client assets in portfolios of global securities. Depending on the Client mandate, the Adviser employs either a long-short or long-only investment strategy using a bottom-up fundamental valuation approach. For Clients with long-short mandates, short selling is done if believed to be sufficiently compelling and

in line with each Client's investment guidelines and pursuant to such Client's Offering Documents.

In addition to its core investment strategies, the Adviser employs other investment strategies it deems appropriate, particularly in SP Funds and SMAs, and invests in and trades a variety of securities, instruments, and investments.

In the absence of finding a sufficient number of investments that meet the Adviser's investing criteria, Client accounts will be invested in cash or cash equivalents, including, without limitation, short-term U.S. government securities, bank deposits, and money market instruments. The Adviser anticipates holding sizeable cash positions in certain Client accounts.

An investment in the Funds or through SMAs is speculative and will be subject to substantial risks, including, without limitation, the Adviser's investment strategies, the use by the Adviser of certain investment techniques, and the illiquid nature of investments. There is no assurance that the Adviser will achieve its investment objective or will not incur losses, or that it will be profitable.

There are certain significant risks inherent in the Adviser's investment strategies and investment techniques. Such risks include, but are not limited to, the following:

General Investment Risk

Clients' portfolio positions may undergo significant declines and experience considerable price volatility. Portfolios may at times be concentrated in a limited number of securities. Accordingly, the investments may involve an increased level of general investment risk. Clients must be prepared to assume the risks inherent in speculative investments. An investment with the Adviser should not be regarded as a complete investment program and should be considered solely by investors prepared to experience possible volatility and fluctuations in value.

Client accounts may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including but not limited to the following: hurricanes, earthquakes and other natural disasters; wars; terrorism; and public health crises, including the occurrence of a contagious disease. To the extent that any such event occurs and has a material effect on global financial markets or specific markets in which the Clients participate (or has a material effect on locations in which the Adviser operates), the risks of loss can be substantial and could have a material adverse effect on the Clients' portfolios and the investors' interests therein.

Limitations as to Investment Approach

As the investments of the Adviser will generally be net-long equity market exposure over a full market cycle, returns earned will depend to some extent on the direction of the broad equity market. The success of the Adviser's strategies and trading activities will depend on its ability to identify compelling investment opportunities. Because such identification and exploitation involves uncertainty, no assurance can be given that the Adviser will be able to

correctly identify and capitalize on investment opportunities. Clients may also be adversely affected by unforeseen events involving such matters as changes in market liquidity, interest rates, the credit status of an issuer, forced redemptions of securities, or acquisition proposals.

Equity Securities

The Adviser may invest in equity and equity derivative securities, including exchange-traded funds and index-based products. The value of these securities generally may vary with the performance of the issuer and movements in the equity markets. As a result, Clients may suffer losses if the Adviser invests in equity securities of issuers whose performance diverges from the Adviser's expectations or if equity markets generally move in a single direction and the Adviser has not hedged against such a general move. To the extent the Adviser invests in equity derivatives and private placements activities, Clients may be exposed to risks that issuers will not fulfill their contractual obligations, such as delivering marketable common stocks upon conversions of convertible securities and registering restricted securities for public resale.

Short Selling

Short selling will be utilized when the Adviser believes it is sufficiently compelling. Short selling inherently involves particular risks. Selling securities short creates the risk of losing an amount greater than the initial investment in a relatively short period of time and the theoretically unlimited risk of an increase in the market price of the securities sold short. There is also the risk that the securities borrowed in connection with a short sale will need to be returned to the securities lender on short notice. If the request for return of securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Adviser might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier. In addition, short selling can involve significant borrowing and other costs which can reduce the profit or create losses in particular positions.

Price Volatility

Equity securities are inherently volatile. Such volatility may result in the value of Client assets fluctuating from time to time more greatly than that of other investment vehicles which may be more widely diversified or which may invest in a greater variety of market sectors. There can be no assurance that the Adviser's investment strategies will be effective in protecting Clients from such price volatility.

Restricted Securities and Other Illiquid Investments

The Adviser may invest in non-public and restricted securities and other assets which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and the Adviser may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and

illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Adviser may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Disposition of such investments may be possible, if at all, only at substantial discounts from their purchase price (in the case of long positions) or premia from their initiation price (in the case of short positions), or intrinsic value. Substantial holdings by Clients of illiquid securities may adversely affect the ability of the Adviser to effect capital withdrawals on a satisfactory basis.

Debt Securities

Certain debt instruments in which the Adviser invests may be unrated, and whether or not rated, the debt instrument may have speculative characteristics. The issuers of such instruments may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuers' ability to make timely payment of interest and principal. In addition, an economic recession could severely disrupt the market for these securities and may have an adverse impact on the value of such instruments. It is also likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Leverage and Financing Risk

The Adviser may pledge Client securities in order to borrow additional funds. Leverage has the effect of potentially increasing losses. Any event which adversely affects the value of an investment would be magnified to the extent a Client is leveraged. The cumulative effect of the use of leverage in a market that moves adversely to a Client's investments could result in a loss which would be greater than if a Client were not leveraged. In addition, to the extent that a Client borrows funds, the interest cost at which the Client can borrow will affect the operating results. The use of leverage may result in certain Clients, such as tax-exempt organizations, employee benefit plans, and individual retirement accounts, recognizing "unrelated business taxable income" for Federal income tax purposes.

The use of short-term margin borrowings results in certain additional risks. For example, should the securities that are pledged to brokers to secure margin accounts decline in value, or should brokers from which Clients have borrowed increase their maintenance-margin requirements (i.e., reduce the percentage of a position that can be financed), then Clients could be subject to a "margin call," pursuant to which the Client must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The broker will typically have the right to liquidate the Client's portfolio in certain circumstances. In the event of a precipitous drop in the value of a Client's assets, the Client might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices.

As a condition to providing a Client with leverage, financial institutions are expected to require the Client to pledge all or a substantial portion of its assets as collateral. In addition, financial institutions may impose various covenants and restrictions on the Client as a result of which they may exercise a substantial degree of control over the Client's investment activities and the Client's assets. Such covenants and restrictions may, among other things, have the effect of: restricting the ability of the Adviser to fully implement the investment strategies in the manner that it deems appropriate; restricting the ability of the Adviser to transfer and dispose of Client assets; restricting the ability of the Adviser to take other actions to protect the Client's assets; restricting the ability of the Client to declare or make distributions of its assets to investors; restricting the ability of the Client to adopt and implement changes to the investment activities and the investment management agreement. Upon an event of default, a financial institution may require a Client to liquidate certain investment positions in an untimely or otherwise adverse manner, may be entitled to take possession of all or a portion of the Client's assets, and/or may have the right to take other actions which could have an adverse impact on the Client or its assets.

Generally, the rights of creditors to the assets of a debtor are prior to those of equity investors. As a creditor of a Client, a financial institution would have a first priority claim on any assets held by the Client.

The Adviser has, from time to time, without the consent of Clients, modified the terms of leverage arrangements, terminated credit arrangements, or obtained additional or alternative credit or other loan arrangements on behalf of Clients. Such modifications or additional or alternative loan arrangements cause Clients to become subject to additional covenants, agreements, restrictions and/or costs.

Options

The Adviser may utilize options in furtherance of its investment strategies for both speculative and hedging purposes. Options positions may include long positions, where a Client is the holder of put or call options, as well as short positions, where a Client is the seller ("writer") of an option. Although option techniques can increase investment return, they can also involve a relatively higher level of risk. The expiration of unexercised long option positions effectively results in loss of the entire cost or premium paid for the option. Option premium costs, as well as the cost of covering options written by a Client, can reduce or eliminate position profits or create losses. A Client's ability to close out its position as a purchaser of an exchange-listed option is dependent upon the existence of a liquid secondary market on options exchanges. The Adviser may also utilize options which may have limited liquidity.

The seller ("writer") of a call option assumes the risk of (i.e., forgoes the opportunity to gain from) an increase in the market price of the underlying security or other instrument above the purchase price of the underlying instrument, less the amount of premium received by the seller. The buyer of a call option assumes the risk of losing its entire investment (the premium paid) in the call option. If the buyer of a call option sells short the underlying security or other instrument, a loss on the call option itself may be offset, in whole or in part, by any gain on the short sale of the underlying position.

The seller (“writer”) of a put option assumes the risk of a decline in the market price of the underlying security or other instrument below the sales price (in establishing the short position) of the underlying instrument, less the premium received by the seller. The buyer of a put option assumes the risk of losing its entire investment (the premium paid) in the put option. If the buyer of a put option holds a long position in the underlying security or other instrument, a loss on the put option itself may be offset, in whole or in part, by any gain on the underlying position.

The profitability of the Adviser’s option trading may depend upon the attractiveness of option premiums relative to such factors as price volatility, strike price, and expirations. Numerous factors can affect the level of option premiums. Although high premiums can make option writing more attractive, they can effectively preclude other favorable trading opportunities. Profitability in options trading may further depend upon a variety of market factors, such as the presence of a requisite degree of volatility, liquidity in pricing options and the underlying securities, efficiency of trading execution, and the absence of so-called catastrophic or aberrational market factors. Successful implementation of option strategies generally requires a high degree of trading skill and expertise as well as sufficient access to enabling technology.

Futures Contracts

The Adviser may trade futures contracts in connection with its investment activities. Futures contract trading is typically accompanied by a high degree of leverage as, in the futures markets, initial margin deposits are typically low relative to the value of the futures contracts purchased or sold. Low margin deposits mean that a relatively small price movement in a futures contract may result in immediate and substantial losses to the investor. For example, if at the time of purchase, 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission and other transaction costs. Thus, like other leveraged investments, any purchase or sale of a commodity contract may result in losses in excess of the amount invested.

Futures positions may be illiquid because, for example, some U.S. commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” When such rules are invoked once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in such futures contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices in various commodities occasionally have moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Adviser from promptly liquidating unfavorable positions and subject Clients to substantial losses. In addition, the Adviser may not be able to execute futures contract trades at favorable prices if trading volume in such contracts is low. It is also possible that an exchange or the Commodity Futures Trading Commission (“CFTC”) may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. The CFTC and certain commodity exchanges have

also established limits referred to as speculative position limits, or position limits, on the maximum net long or net short position which any person or group of persons may hold or control in particular futures and options. Limits on trading in options contracts also have been established by the various options exchanges. It is possible that the trading decisions of the Adviser may have to be modified and that positions held by Clients may have to be liquidated in order to avoid exceeding any of such limits.

Limitations on Hedging Strategies

The Adviser may employ certain hedging techniques in connection with the investment strategies. However, there is no requirement that all or any positions be hedged. Moreover, such strategies, if employed, may not hedge against general market risk, such as a price decline in the overall equity markets, opportunistic investment risk, issuer risk, industry risk, sector risk, or catastrophic risk, any of which could be significant. The costs of hedging necessarily reduce the profitability of the position sought to be hedged. There is no assurance that the Adviser's intended hedging strategies can necessarily be implemented or if established will necessarily succeed in eliminating the intended risk.

Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments. For a variety of reasons, however, the Adviser may not seek or be able to establish a sufficiently accurate correlation between hedging instruments and the portfolio holding or holdings sought to be hedged. Such imperfect correlation may prevent a Client from achieving the intended hedge or expose the Client to risk of loss. Even if hedging is employed, there may be risks which are not identified, and therefore unhedged, or there may be risks where an efficient hedging strategy is unavailable. It is not an objective for the strategies to be hedged significantly at all times. It should be assumed, therefore, that Client portfolios may still be exposed to significant risks, including issuer and industry risks, notwithstanding the Adviser's hedging strategies.

Structured Finance Products including Collateralized Debt Obligations

The Adviser may invest a portion of Client assets in structured finance products, including collateralized debt obligations ("CDOs") and other products, in both funded (cash) and unfunded (derivative) form. CDOs and other structured finance products are subject to credit, liquidity, default, recovery, correlation, market value, interest rate, currency, collateral, operations, structural, legal, tax, and certain other risks. Structured finance products are generally privately placed and offer less liquidity than other investment grade or non-investment grade corporate debt. They are also generally issued in structured transactions with risks different from regular corporate debt. In addition, concentrations of structured finance products of a particular type, as well as concentrations of structured finance products issued or guaranteed by affiliated obligors, serviced by the same servicer or backed by the same or similar underlying collateral, may subject Clients to additional risk. A portion of Client portfolios may consist of structured finance products that are subordinate in right of payment and rank junior to other securities that are secured by, or represent an ownership interest in, the same pool of assets. In addition, certain transactions have

structural features that divert payments of interest and/or principal to more senior classes when the delinquency or loss experience of the pool exceeds certain levels. As a result, such securities have a higher risk of loss as a result of delinquencies or losses on the underlying assets. In certain circumstances, payments of interest may be reduced or eliminated for one or more payment dates, and/or principal payment may be reduced or eliminated.

Forwards, Swaps, Repos, and Other Derivatives

The Adviser may utilize forwards, swap contracts, repurchase agreements (“repos”), and other over-the-counter derivative instruments. Principal risks relating to the use of derivatives include, in the case of hedging strategies, the possible imperfect correlation between the derivative and the market value of the securities, currencies, or other commodity position intended to be hedged (i.e., tracking risk); losses magnified by the degree of leverage (exposure) represented by the derivative; lack of a liquid secondary market for closing out the position; losses resulting from interest rate or currency movements not anticipated by the Adviser; reduced returns as a result of collateral posting to counterparties; and the risk of counterparty default.

A position in a derivative instrument entails risks that are separate and distinct from those of the underlying interest. For example, the leverage (financing risk) and volatility (market risk) represented by a derivative instrument is often significantly greater than that of the underlying interest. Trading in various over-the-counter derivatives involves certain risks as to the counterparty (i.e., its ability to fulfill its contractual obligations under the derivative instrument). The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order to either realize gains or to limit losses. Additionally, many derivatives are valued on the basis of dealers’ pricing of these instruments. However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative should a Client be required to sell such position, may be materially different. Such differences can result in an overstatement of a portfolio’s net asset value, and may have a material adverse effect on the portfolio if it is required to sell derivative instruments in order to raise funds for margin purposes or to pay withdrawals.

The pricing relationships between derivatives and the underlying instruments on which they are based may not conform to anticipated or historical patterns, resulting in unanticipated losses. In addition, there may be an imperfect correlation between the derivative and the market value of the securities, currencies, or other commodity position intended to be hedged.

The stability and liquidity of forwards, swaps, repurchase agreements, and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transaction. If there is a default by the counterparty to a transaction, a Client may have contractual remedies pursuant to the agreements related to the transaction; however, exercising such contractual rights may involve delays or costs, or may not be successful, which could adversely affect the Client. It is possible that in the event of a counterparty credit default, a Client may not be able to recover all or a portion of its investment in such derivative

instrument and may be exposed to additional liability (i.e., the obligations associated with what has become an unhedged position).

Commodities

Trading in commodity interests may involve substantial risks. Commodity markets are highly volatile. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for commodity futures contracts or options purchased or sold, and a Client may be required to maintain a position until exercise or expiration, which could result in losses. As noted above, many commodity exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of commodity interest positions and potentially subjecting the portfolio to substantial losses. In addition, trading commodity interests on foreign markets may involve greater risk than trading on United States exchanges. For example, some foreign exchanges are principal markets so that no common clearing facility exists and a trader may look only to the broker for performance of the contract. Investing in commodities and forward or futures contracts is a highly specialized investment activity entailing greater than ordinary investment risk.

Municipal Securities

The Adviser may invest in municipal bonds issued by one or more cities or other local governments and agencies, including, but not limited to, counties, redevelopment agencies, special-purpose districts, school districts, publicly owned airports and seaports, and any other governmental entities below the state level, in order to take advantage of fixed and/or variable interest rates and possible exemptions granted to holders of municipal bonds on interest received with respect to federal income tax and income tax of the state in which the municipal bonds originate. Investments in municipal bonds are subject to different degrees of risk resulting from the varying ranges of creditworthiness amongst issuers of municipal bonds, interest rate risk, project finance risk, tax rate risk, and a lack of direct oversight by the SEC, which can adversely affect the ability of investors in municipal bonds to gather the same disclosures that are required of issuers of corporate debt, particularly in the secondary trading market.

Stock Index Options

The Adviser may also purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market for the purpose of realizing its investment objectives or for the purpose of hedging its portfolio. A stock index fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in the portfolio correlates with price movements of the stock indices selected. Because the value of an index option depends upon movements in the level

of the index rather than the price of a particular stock, whether the portfolio realizes gains or losses from the purchase or writing of options on indices depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks.

ETFs

The Adviser may also invest in ETFs, or exchange-traded funds, which are publicly traded investment vehicles that hold passively managed portfolios of stocks. As a result, the risk associated with a particular ETF corresponds closely to the risk of the asset subclass that the ETF is tracking. ETFs typically track an index, such as the Dow Jones Industrial Average or the S&P 500. The purpose of ETFs is to give investors liquid ways of trading indices or groups of stocks. ETFs are traded like common stocks on major stock exchanges. The most liquid ETFs (DIA, SPY and QQQ) are consistently ranked at the top of the volume charts at the NYSE and NASDAQ, but some ETFs are more thinly traded than others.

Currency

The Adviser is expected to invest a portion of portfolio assets in principal instruments denominated in currencies other than the U.S. Dollar, the price of which is denominated in the local currency of the investment. The Adviser will, however, value Client securities and other assets in U.S. Dollars. The value of Client assets will fluctuate with U.S. Dollar exchange rates as well as the price changes of the investments in the various local markets and currencies. The Adviser may also hold cash balances of foreign currencies. Thus, an increase in the value of the U.S. Dollar compared to the other currencies in which the Adviser makes its investments will reduce the effect of increases and will magnify the U.S. Dollar equivalent of the effect of decreases in the prices of Clients' securities in their local markets. Conversely, a decrease in the value of the U.S. Dollar will have the opposite effect on Clients' non-U.S. Dollar securities.

Global Investments

The Adviser may invest a substantial portion of Clients' assets in the securities and instruments of issuers located outside the United States. In addition to business uncertainties, such investments may be affected by political, social, and economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in the United States and, as a result, liquidity may be reduced and price volatility may be higher. The legal and regulatory environment may also be different, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information in respect of such companies.

Clients may be subject to additional risks, which include possible adverse political and economic developments, possible seizure or nationalization of foreign deposits, and possible adoption of governmental restrictions which might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. Furthermore, some of the securities may be subject to brokerage taxes levied by governments, which have the effect of increasing the cost of such investment

and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income received by portfolios from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by a Client will reduce the net income or return from such investments. While the Adviser will take these factors into consideration in making investment decisions for Clients, no assurance can be given that the Adviser will be able to fully avoid these risks.

Emerging Markets

Investment in emerging market securities involves a greater degree of risk than investment in securities of issuers based in developed countries. Among other things, emerging market securities investments generally carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less favorable tax provisions, and a greater likelihood of severe inflation, unstable currency, war, and/or expropriation of personal property than investments in securities of issuers based in developed countries. In addition, investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities.

Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for a security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for such securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices, and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the governments or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

The issuers of some emerging market securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and, therefore, potentially carry greater risks. Custodial expenses for a portfolio of emerging markets securities generally are higher than for a portfolio of securities of issuers based in developed countries.

Many of the laws that govern private and non-U.S. investments, securities transactions, creditors' rights, and other contractual relationships in non-U.S. countries, particularly in developing countries, are new and largely untested. As a result, Client portfolios may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear, and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations.

Regulatory controls and corporate governance of companies in developing countries may confer little protection on investors. Anti-fraud and anti-insider trading legislation is often

rudimentary. The concept of fiduciary duty is also limited when compared to such concepts in developed country markets. In certain instances, management may take significant actions without the consent of investors. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on Client portfolios and their operations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of non-U.S. countries in which Client assets are invested.

Highly Volatile Markets

The prices of financial instruments in which the Adviser may invest can be highly volatile. Price movements in which portfolio assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Client portfolios are subject to the risk of failure of any of the exchanges on which its positions trade or of its clearinghouses.

Overall Investment Risk

All securities investments risk the loss of capital. The nature of the securities, instruments, derivatives, and investments to be purchased and traded by the Adviser and the investment techniques and strategies employed may increase this risk. Many unforeseeable events, including actions by various government agencies such as the Federal Reserve Board, domestic and international economic and political developments, and terrorist attacks, may cause sharp market fluctuations, which could adversely affect the strategies.

There can be no assurance that the investments or investment techniques employed by the Adviser will achieve its investment objectives or that the strategies will be profitable. There can be no assurance that Client accounts will not incur losses.

Private Fund Risk

Additional risks associated with an investment in private investment funds such as the Funds are described more fully in the governing documents and/or Offering Documents of the respective Fund.

Capital Commitment Risk

Certain Client accounts are managed in relation to total capital commitments to such accounts, notwithstanding that all or any portion of these commitments have not yet been contributed to the accounts. As a result, investment concentrations may appear large when considered solely against assets actually held in the account at any time and from time to time. There can be no assurance that unfunded capital commitments to any such accounts will be funded.

Failure to Make Capital Contributions

If any investor fails to fund its subscription obligation or make required capital contributions when due, a Client's ability to complete its investment strategies, satisfy its obligations or

otherwise continue operations may be substantially impaired. A default by one or more investor with substantial commitments could leave a Client with insufficient capital to meet its funding obligations and would limit opportunities for investment diversification and likely reduce returns to the Client. Any investor that defaults in making a required capital contribution may be subject to certain material adverse consequences pursuant to the provisions of the Offering Documents.

Risk of Default or Bankruptcy of Third Parties

The Adviser may engage in transactions in securities, commodities, other financial instruments and other assets that involve counterparties. Under certain conditions, a Client could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, commodities, other financial instruments and/or other assets were to become illiquid. In addition, a Client could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Client does business, or to which securities, commodities, other financial instruments and/or other assets have been entrusted for custodial purposes. For example, if a Client's prime broker were to become insolvent or file for bankruptcy, the Client could suffer significant losses with respect to any securities held by such firm.

Item 9 – Disciplinary Information

The Adviser has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Neither the Adviser nor its management personnel are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, Futures Commission Merchant (FCM), Commodity Pool Operator (CPO), or Commodity Trading Advisor (CTA).

The Adviser does not recommend or select other investment advisers for its Clients. Further, the Adviser and its principals and associated persons do not have any relationships or arrangements with other financial services companies that pose a material conflict of interest.

Item 11 – Code of Ethics

The Adviser has established a “Code of Ethics” (the “Code”). The Code sets forth the policies and procedures of the Adviser regarding business ethics, confidentiality, and personal trading of securities. The purpose of the Code is to identify the ethical and legal framework in which the Adviser and its directors, officers, partners, principals, members, and employees (“Supervised Persons”) are required to operate and to highlight some of the guiding principles and mechanisms for upholding the Adviser’s standard of business conduct. The Code is designed to seek to ensure that all Supervised Persons are aware of and adhere to the policies and procedures of the Adviser. The Adviser’s Code requires high standards of business conduct and compliance with applicable federal securities laws. The description below is a summary only. A complete copy of the Code may be requested by contacting Justin Wallentin, the Chief Compliance Officer (“CCO”) of the Adviser, at 203-724-9961 or jwallentin@discerene.com.

Standard of Business Conduct

The Code is based on the principle that the Adviser and its employees owe a fiduciary duty to the Adviser’s Clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of Clients, (ii) taking inappropriate advantage of their position with the Adviser, and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading, and other forms of prohibited or unethical business conduct.

Prohibited Conduct

The Adviser’s Supervised Persons are required to avoid any circumstances that might adversely affect, or appear to adversely affect, their duty of complete loyalty to the Adviser’s Clients.

Personal Securities Transactions

The Adviser has adopted the following principles governing personal investment activities by the Adviser’s Supervised Persons who: (i) have access to nonpublic information regarding any Clients’ purchases or sales of securities or portfolio holdings or (ii) are involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic:

- The interests of Client accounts will at all times be placed first.
- All personal securities transactions will be conducted in such manner as to avoid any actual or potential conflict of interest or any abuse of an individual’s position of trust and responsibility.

- Such Supervised Persons must not take inappropriate advantage of their positions.
- Participation in IPOs is prohibited, and private placements may only be invested in with the prior written approval of the CCO.

While personal trading in securities held in Client accounts by such Supervised Persons is strictly curtailed, certain such persons own legacy positions of stocks that are also held in Client accounts. Any sales of these securities will be monitored to seek to ensure no conflict of interest exists with Clients.

Item 12 – Brokerage Practices

The Adviser will generally have the authority to determine the securities to be purchased or sold and the price and the amount thereof, as well as the authority to select brokers and to determine the amount of commissions to be paid, subject to principles of best execution. SMA investors, pursuant to their investment advisory agreements, may impose restrictions on the Adviser's broker selection ability.

The Adviser may allocate a Client's brokerage business to brokers (other than the custodian) on the basis of certain considerations, which include, but are not limited to:

- amount of commission;
- quality of execution;
- reputation;
- experience and financial stability of the broker-dealer involved;
- quality of service;
- familiarity with the securities markets and investment techniques employed with respect to a Client;
- research and analytic services;
- clearing and settlement capabilities;
- availability of margin or other leverage;
- block positioning or other special execution capabilities or other services provided; and
- stock borrowing availability and cost.

Brokers may provide investor-referral services, but the Adviser does not consider these capital-introduction capabilities when selecting brokers.

The commissions the Client will pay to such broker will not necessarily represent the lowest commission rates available, but will reflect the Adviser's evaluation of the research and other brokerage-related services supplied by such brokers and which benefit the Client, either alone or together with the other Clients of the Adviser. In each case, the Adviser will make a determination that the amount of any increased commission costs on account of such research or other services is reasonable relative to the value of services so provided.

Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a “safe harbor” to investment managers who use commission dollars of their advisory accounts to obtain investment research, brokerage, and other services that provide lawful and appropriate assistance to the managers in performing investment decision-making responsibilities, provided that the amount of any increased commission costs on account of such research or other services is reasonable relative to the value of the services so provided. Any such arrangement will be confined to the products or services that qualify as “research and brokerage services” within the meaning of Section 28(e) and that meet the other requirements of that Section. Expenses paid through the use of these commission dollars would otherwise have been paid directly by Clients. The Adviser has used such commissions to compensate brokers for services in connection with research on current or potential Client investments and for market-data services.

In general, any and all brokerage allocations will be subject to the principles of best execution and the other allocation policies described above, as well as any restrictions imposed by the applicable law.

Since any particular research obtained by the Adviser may be useful to one or more Clients, the Adviser, in considering the reasonableness of brokerage commissions paid, will not attempt to allocate the relative cost benefits of research between Clients, except in limited circumstances where appropriate.

When the Adviser deems the purchase or sale of securities to be in the best interest of Clients, the Adviser and such affiliates may aggregate the securities to be purchased or sold by such entities and Clients in order to obtain superior execution or lower brokerage expenses. In particular, execution prices for identical securities purchased or sold on behalf of multiple accounts in any one business day may be averaged. In such events, allocation of the securities purchased or sold, as well as expenses incurred in the transaction, will be made among any participating Clients by applying such considerations as the Adviser deems appropriate, including relative account size of such entities and Clients, amount of available capital, size of existing positions in the same or similar securities, impact of leverage, investment objective and strategy considerations, including, without limitation, concentration parameters, tax considerations and other factors. Although such allocations may be pro rata as to the Client and other Clients, they will not necessarily be so.

Unless otherwise specifically agreed to by the relevant parties, no Client will be entitled to investment priority over another Client or other managed accounts, but every Client may not necessarily participate in every investment opportunity. Notwithstanding the foregoing, certain SP Funds and SMAs may have mandates that are different from the Discerene Funds, which may result certain securities being purchased and/or sold at different sizes and prices for such Clients. The Adviser will endeavor to make all the investment allocations in a manner which it considers to be the most equitable to all Clients.

With respect to SMAs where brokers may be identified and selected by the Client rather than the Adviser, the Client will be responsible for negotiating the terms and arrangements for the Client’s account with the broker. In such cases, the Adviser will have no responsibility with respect to the identification and selection of brokers or the terms of execution and other

services provided by such brokers. As a result, such accounts may pay higher commissions or other costs or greater spreads, or receive less favorable net prices, on their transactions than would otherwise be the case.

Item 13 – Review of Accounts

Soo Chuen Tan, the portfolio manager, will review portfolio positions on at least a weekly basis. Positions that meet or exceed their price targets will be evaluated to determine if the position should be sold or covered, and positions that have declined in value will be reviewed to establish if the investment thesis continues to hold, and if so, if position sizes should be increased.

Investors in the Funds will receive monthly unaudited capital account statements from Maples Fund Services (MA) Inc. and Maples Fund Services (Cayman) Limited, as applicable (the “Fund Administrator”). On an annual basis, investors receive a copy of the relevant Fund’s annual audited financial statements and, where applicable, a statement of taxable income (Form K-1).

Statements for SMAs will be generated by the custodian or the Client’s Fund Administrator and sent directly to the Client on a monthly basis.

Investors with SMAs receive at least quarterly statements from the broker-dealer, bank, or other qualified custodian that holds and maintains Client investment assets. The Adviser urges investors to carefully review such statements.

Investors may be provided with information about the Adviser and the Funds, if applicable, in response to questions and requests, and/or in connection with due diligence meetings and other communications, but such information will not be distributed to other investors or prospective investors who do not request such information. Each investor is responsible for asking such questions it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by the Adviser is sufficient for its needs.

Item 14 – Client Referrals and Other Compensation

The Adviser does not have any relationships to disclose in this section.

Item 15 – Custody

For purposes of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), the Adviser is deemed to have custody over the assets of the Funds. In accordance with the Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Funds or

their respective investors because annual audited financial statements are delivered to investors within 120 days after the end of each Fund's fiscal year.

Item 16 – Investment Discretion

Funds: The Adviser has discretionary authority to manage the assets of the Funds.

SMAs: The Adviser usually receives discretionary authority from the investor of a SMA at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client.

When selecting securities and determining amounts, the Adviser observes the investment policies, limitations, and restrictions of the Clients for which it advises.

Investment guidelines and restrictions must be provided to the Adviser in writing.

Investment discretion is generally authorized by power of attorney granted in an investment management agreement for an SMA or the governing documents of a Fund.

Item 17 – Voting Client Securities

The Adviser, pursuant to the applicable Offering Documents, is usually responsible for voting proxies for portfolio securities. As a matter of policy and as a fiduciary to its Clients, the Adviser votes any such proxies consistent with the best economic interests of its Clients. The Adviser maintains these written policies and procedures as to the handling, research, voting, and recording of proxies. These policies may be requested by contacting Justin Wallentin, the CCO of the Adviser, at 203-724-9961 or jwallentin@discerene.com. The Adviser's policies and procedures include the responsibility to monitor corporate actions, receive and vote proxies, and maintain relevant records.

Proxy voting is an important right of shareholders, and reasonable care and diligence must be undertaken to seek to ensure that such rights are properly and timely exercised.

The Adviser will vote proxies in the best interests of each particular Client. The Adviser's policy is to vote all proxies for a specific issuer in the same way for each Client absent some qualifying restrictions or a material conflict of interest.

In reviewing proposals, the Adviser may also consider the opinion of management, the effect on management, the effect on shareholder value, and the issuer's business practices.

In the event that a Client has provided specific parameters regarding proxy voting, the instructions of the Client will be followed.

Investors in the Funds may request information on how specific proxies were voted.

Item 18 – Financial Information

The Adviser does not require or solicit the payment of fees six months or more in advance.

The Adviser has no financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to its Clients.

The Adviser has never been the subject of a bankruptcy petition.