

Item 1 – Cover Page

Enko Fund Managers Ltd.

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This Brochure provides information about the qualifications and business practices of Enko Fund Advisers Ltd. (“ADVISER”). If you have any questions about the contents of this Brochure, please contact us at +230 245 6703 or [stephane.nouni@enkocapital.com](mailto:stephane.nouni@enkocapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Adviser is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Adviser is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This is Adviser's initial ADV Part 2A and therefore there are no material changes.

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## Item 4 – Advisory Business

The Adviser is a company incorporated under the laws of Mauritius. It was founded in 2016 and operated as an Exempt Reporting Adviser with the US Securities and Exchange Commission (“SEC”) from 2020 to 2021, at which time the Adviser applied for full registration as an investment adviser with the SEC.

The Adviser provides advisory services on a discretionary basis to its clients, which may include corporate entities, with separately managed accounts (“separate account clients”) and pooled investment vehicles (the “Private Fund”) intended for sophisticated investors and institutional investors.

The Adviser provides investment advice to the Private Funds in accordance with the objectives and investment policies described in the Private Fund’s offering and/or operational documents.

The Adviser’s primary investment strategy is to invest in substantially all of the assets in smaller emerging market and frontier market private and sovereign debt instruments, with a particular focus on Africa. The Adviser will invest in issuers of high-yielding fixed income securities across emerging and frontier markets: namely, local currency sovereign and corporate debt; U.S. dollar-denominated and euro-denominated fixed income securities; short-term, liquid debt; certificate of deposit accounts; foreign exchange market forwards and repurchases; structured debt; collateralized short-term debt/loans; convertible debt, floating-rate notes; and yield curve carry trades. The strategy aims to provide a unique opportunity for investors to take advantage of favorable developments in emerging and frontier economies and capital markets, with a particular focus on Africa. This trend is the result of a favorable global macroeconomic environment essentially driven by debt relief initiatives, higher commodity prices, and to some extent, improving political governance. Enko believes Africa and other developing markets are becoming an attractive investment destination generating high returns, yet their capital markets remain fairly underdeveloped. In the context of a globalized world economy, risk appetite is increasing, and hence expanding the traditional investment frontiers. The Adviser anticipates engaging in “short sales” as part of its investment strategy. Short selling is the practice of selling securities that are borrowed from a third party. The Fund will be required to return securities equivalent to those borrowed for the short sale at the lender’s demand. Pending the return of such securities, the Fund will be required to deposit with the lender as collateral the proceeds of the short sale plus additional cash or securities. The Adviser expects to use leverage in its investment program when deemed appropriate and subject to applicable regulations. Leverage creates an opportunity for greater yield and total return, but at the same time increases exposure to capital risk and higher current expenses.

As of June 30, 2021, the Adviser had approximately \$490,000,000 client assets under management. The Adviser does not manage any client assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

Private Funds. The Adviser is paid a management fee calculated at an annual rate of 1.5% of each shareholder's capital, as of the beginning of each quarter, as adjusted on a time-weighted basis for any increase or decreases to the capital account on any determination date.

Separate Account Clients. From its separate account clients, the Adviser receives compensation in the form of investment management fees, which are based on a percentage of the value of the assets that it manages. Client assets are held and valued by an independent, third-party custodian or alternative investment sponsor, or in accordance with the Adviser's valuation policies. Clients pay a fee calculated at an annual rate of 1.5% of assets under management based on the month-end asset value under management, including cash and accrued interest, billed monthly in arrears for assets subject to the investment management fee. The investment agreements are terminable by either the Adviser or the client at any time upon at least 30 days prior written notice. If such termination were to occur on any date other than the last day of a calendar month or quarter, then the advisory fee will be due and payable on such date on a prorated basis.

The Adviser reserves the right to negotiate or waive fees on a case-by-case basis.

The Adviser's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to the Adviser's fee, and the Adviser shall not receive any portion of these commissions, fees, and costs.

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

With respect to the Private Fund and separately managed accounts, the Adviser may enter into performance fee arrangements. Such fees are subject to individualized negotiation with clients or the Private Fund. the Adviser will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, the Adviser shall include realized and unrealized capital gains and losses. Performance based 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 fee arrangement. Such fee arrangements also create an incentive to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities. the Adviser has procedures designed and implemented to ensure that all clients are treated fairly and equally, 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 corporate pensions and profit-sharing plans, public pension plans, charitable institutions, foundations, endowments, municipalities, insurance companies, private investment funds, trust programs, sovereign funds, and other U.S. and international institutions.

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

The primary investment objective of the Adviser's strategy is long-term capital appreciation. The Adviser will seek to achieve this objective by making investments ("Investments") substantially all of the assets in frontier and emerging market private and sovereign debt instruments, with a particular focus on Africa. The Adviser will invest in issuers of high-yielding fixed income securities across emerging and frontier markets: namely, local currency sovereign and corporate debt; U.S. dollar-denominated and euro-denominated fixed income securities; short-term, liquid debt; certificate of deposit accounts; foreign exchange market forwards and repurchases; structured debt; collateralized short-term debt/loans; convertible debt, floating-rate notes; and yield curve carry trades. The Adviser believes the trend of a favorable environment for frontier and emerging issuers is essentially driven by debt relief initiatives, higher commodity prices, and to some extent, improving political governance. Enko believes Africa and other developing markets are becoming an attractive investment destination generating high returns, yet their capital markets remain fairly underdeveloped. In the context of a globalized world economy, risk appetite is increasing, and hence expanding the traditional investment frontiers. There can be no assurance, however, that this state of affairs will continue.

By focusing on these markets and actively managing the debt portfolio of the Fund, the Adviser believes it will be well positioned to take advantage of its deep understanding of the local investment processes.

These strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

Some or all of the below investment risks may apply to each of our clients, depending on their respective investment strategies. Investing in securities involves significant risks, including the risk of loss of some or all of an investment. Prospective investors should speak with their legal, tax, and financial advisors prior to making an investment with the Adviser. The following summary identifies the material risks related to the Adviser's significant investment strategies and should be carefully evaluated before making an investment with the Adviser; however, the following does not intend to identify all possible risks of an investment with the Adviser or provide a full description of each identified risk. Please see the risk factors included in the Memorandum of each respective Client for more detail regarding the risks associated with an investment in that particular Client.

Prospective investors should give careful consideration to the following risk factors in evaluating the merits and suitability of an investment in the Fund. The following does not purport to be a comprehensive summary of all of the risks associated with an investment in the Fund. Rather, the following are only certain risks to which the Fund is subject, and that the Adviser wishes to encourage prospective investors to discuss in detail with their professional advisers.

### General Strategy and Business Risk Factors

1. **New Enterprise; Potential of Loss.** The strategy is an enterprise with a short operating history upon which prospective investors may evaluate their performance and the strategy is subject to all of the business risks and uncertainties associated with any new strategy.



Accordingly, an investment in the strategy entails a high degree of risk. There can be no assurance that the strategy will achieve their investment objectives or that the strategies described herein will be successful. Given the factors that are described below, there exists a possibility that an investor could suffer a substantial loss as a result of an investment in the strategy.

2. **Forecast Risk.** Historical facts, information and trends gained from historic experiences, present facts, circumstances and information, and assumptions from all or any of these do not guide the future. Aims, targets, plans, intentions and projections referred to are no more than that and so do not imply a forecast. Past performance is not necessarily a guide to future performance.
3. **Uncertainty of Financial Projections Risk.** The Adviser will generally establish the capital structure of the relevant issuers on the basis of financial projections for such issuers. Projected operating results will normally be based primarily on management judgments or third-party reports. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.
4. **General Economic Conditions.** The success of the strategy will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of portfolio investments), trade barriers, currency exchange controls, and national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts or security operations and actual or threatened epidemics or pandemics, such as the novel coronavirus outbreak that arose in China in December 2019 and continues to spread internationally (COVID-19)). Instability in the markets will also likely increase the risks inherent in the portfolio investments. There can be no assurance that such economic and market conditions will be favorable in respect of both the investment and disposition activities of the strategy. Global financial markets in recent years have experienced periods of unprecedented turmoil and markets have been negatively impacted by significant write-offs in the financial services sector relating investments such as subprime mortgages and the re-pricing of credit risk in the broader market, among other things. These events, along with the deterioration of the housing market, the failure of major financial institutions and the concerns that other financial institutions as well as the global financial system were also experiencing severe economic distress materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial firms in particular. These events contributed to severe market volatility and caused severe liquidity strains in the credit markets. Volatile financial markets can expose the strategy to greater market and liquidity risk. Risks to a robust resumption of growth persist: a weak consumer sector, high unemployment rates, the growing size of budget deficits and national debt of countries around the world, including those in frontier and emerging markets, the threat of inflation and the uncertain economic consequences of the novel coronavirus (COVID-19). Moreover, it remains unknown whether governmental measures in any country which have been undertaken in response to such

turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. Potential investors also should recognize that the Adviser may determine to delay portfolio issuer realization events as a result of general economic conditions, illiquidity of portfolio investments, contractual prohibitions, or for other reasons. The ability of issuers to refinance may depend on their ability to sell new securities.

5. **Performance Risk.** The performance of the investments may not meet the target yield and return. Neither the Adviser nor any of its affiliates guarantee any level of return to investors. Past performance of other investments made by Enko, or its affiliates cannot be taken as an indication of the future performance of the strategy.
6. **Availability of Investments.** The success of the strategy depends on the Adviser's abilities to identify and select appropriate investment opportunities as well as the strategy's ability to acquire these Investments. There is no guarantee that suitable Investments will be or can be secured, or that they will be successful. No assurance is given that the strategy's investment objectives will be achieved.
7. **No Current Income.** The strategy's investment policies should be considered speculative, as there can be no assurance that the Adviser's assessments of the short-term or long-term prospects of Investments will generate a profit.
8. **Trading Risks.** The success of the strategy will depend on the Adviser's ability to identify and exploit price discrepancies in corporate and government events. Identification and exploitation of such opportunities involve uncertainty. No assurance can be given that the Adviser will be able to locate investment opportunities or to correctly exploit price discrepancies in corporate and government events. A reduction in the pricing inefficiency of corporate or government events in which the strategy will seek to invest will reduce the scope for the strategy.
9. **Competition.** The securities industry and the arbitrage business in particular, are extremely competitive. The Adviser competes with firms, including many of the larger investment banking firms, which have substantially greater financial resources than does the Adviser and substantially greater research staffs and more securities traders than does the Adviser. In any given transaction, arbitrage activity by other firms may tend to narrow the spread between the price at which a security may be purchased by the Fund and the price it expects to receive upon consummation of the transaction.
10. **Risks of Special Techniques Used by the Adviser.** The Adviser may invest using special investment techniques that may subject the investments to certain risks. Certain, but not all, of these techniques and the risks that they entail are summarized herein. The strategy, in any event, is not designed to correlate to the broad equity market, and should be viewed as an alternative to, instead of a substitute for, equity investments.
11. **Reliance on Certain Information.** The Adviser may elect to invest in securities on the basis of information and data filed by the issuers of such securities with the SEC or made directly available to the Adviser by the issuers of the securities and other instruments or through sources other than the issuers. Although the Adviser evaluates all such information and data

and seeks independent corroboration when it considers it appropriate and when it is reasonably available, the Adviser is not in a position to confirm the completeness, genuineness or accuracy of such information and data.

12. **Concentration of Investments.** From time to time a significant portion of the strategy may be concentrated in a particular security, industry, market or country. Should such security, industry, market or country become subject to adverse financial conditions, the strategy shall not be afforded the protection otherwise available through greater diversification of its investments.
13. **Exchange Rules.** Each securities exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension would render it impossible for the Adviser to liquidate positions and, accordingly, could expose the strategy to losses.
14. **Short Selling and Leverage.** The strategy may include such investment techniques as short selling and leverage which practices can, in certain circumstances, maximize the adverse impact to which the Fund's Investments may be subject.
  - **Short Selling.** The Adviser may sell short securities of an issuer in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received in the short sale. If the price of the issuer's securities declines, the Adviser may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale. The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the federal securities laws and the various national and regional securities exchanges, which restrictions could limit the Fund's investment activities. There can be no assurance that securities necessary to cover a short position will be available for purchase.
  - **Leverage.** The Adviser expects to use leverage in its investment program when deemed appropriate and subject to applicable regulations. Leverage creates an opportunity for greater yield and total return, but at the same time increases exposure to capital risk and higher current expenses. If the Adviser purchases securities on margin and the value of those securities fall, the investor may be obligated to pay down the margin loans to avoid liquidation of the securities. If loans to the investor are collateralized with portfolio securities that decrease in value, the investor may be obligated to provide additional collateral to the lender in the form of cash or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses. Moreover, counterparties of the investor, in their sole discretion, may change the leverage limits that they extend.
15. **Option Trading.** In seeking to enhance performance or hedge capital, the Adviser may

purchase and sell call and put options on both securities and stock indexes. A stock index measures the movement of a certain group of stocks by assigning relative values to the common stocks included in the index. Examples of well-known stock indexes are the S&P 500 and the FTSE 100 Index. Both the purchasing and the selling of call and put options contain risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, the exposure to loss is potentially unlimited in the case of an uncovered call writer (i.e., a call writer who does not have and maintain during the term of the call an equivalent long position in the stock or other security underlying the call), but in practice the loss is limited by the term of existence of the call. The risk for a writer of an uncovered put option (i.e., a put option written by a writer that does not have and maintain an offsetting short position in the underlying stock or other security) is that the price of the underlying security may fall below the exercise price. The effectiveness of purchasing or selling stock index options as a hedging technique may depend upon the extent to which price movements in investments that are hedged to correlate with price movements of the stock index selected. Because the value of an index option depends upon movement in the level of the index rather than the price of a particular stock, whether a gain or loss will be realized from the purchase or writing of options on an index depends upon movements in the level of stock prices in the stock market generally, rather than movements in the price of a particular stock.

16. **Disposition of Investments.** In connection with the disposition of an investment in an issuer, the Adviser may be required to make representations about the business and financial affairs of the issuer typical of those made in connection with the sale of any business or may be responsible for the contents of disclosure documents under applicable securities laws.
17. **Litigation and Claims.** The Adviser may be subject to lawsuits or proceedings by government entities or private parties. Except in the event of a lawsuit or proceeding arising from a Director's or the Adviser's gross negligence, willful default or fraud in the performance of its duties, expenses or liabilities of the investor arising from any suit shall be borne by the investor.
18. **Currency Exposure.** The strategy will be subject to risks typical of an international business including, but not limited to, differing tax structures and general foreign exchange rate volatility. For any investments denominated in a foreign currency, the value of the investment will vary with movements in exchange rates, to the extent that the exchange rate exposure is not hedged. The Adviser may employ hedging techniques designed to reduce the risks of adverse movements in currency exchange rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Fund may benefit from the use of these hedging mechanisms, unanticipated changes in currency exchange rates may result in a poorer overall performance than would have been the case if it had not entered into such hedging transactions. Moreover, in some frontier and emerging market countries, the markets for hedging instruments are not as well developed and may be restricted by governmental regulation.
19. **Economic and Business Conditions.** General economic and business conditions in relevant jurisdictions, as well as conditions of domestic and international financial markets, may

affect the strategy. Interest rates, the prices of securities and participation by other investors in the financial markets may affect the value of securities purchased. Unexpected volatility or liquidity in the markets in which the strategy directly or indirectly holds positions could impair the ability to carry out its business and could cause it to incur losses.

20. **Force Majeure.** Force Majeure is the term generally used to refer to events of a catastrophic nature beyond the control of a party claiming that the event has occurred, including acts of God, fire, flood, earthquake, war, strike, droughts, famine typhoons and terrorist attacks. Some Force Majeure risks are generally uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related Investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Some insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total cost of casualty insurance. As a result, all Investments may not be insured against terrorism. This is particularly relevant for certain countries in frontier and emerging markets in which terrorism is a real and prevalent threat. A Force Majeure event may adversely affect a party's ability to perform its obligations until it is able to remedy the Force Majeure event. In some cases, project agreements can be terminated if the Force Majeure event is so catastrophic that it cannot be remedied within a reasonable time period and the investor could lose both invested capital in and anticipated profits from the affected Investments. In general, the Adviser will have discretion as to the type and level of insurance coverage to obtain, or whether to obtain insurance at all.
21. **Sovereign Risk.** The concessions of certain Investments are granted by government bodies and are subject to special risks, including the risk that the relevant government bodies will exercise sovereign rights and take actions contrary to the rights of the investor or the Borrower Company under the relevant concession agreement. There can be no assurance that the relevant government bodies will not legislate, impose regulations or change applicable laws or act contrary to the law in a way that would materially and adversely affect the business of the Investments.
22. **Money Laundering.** As part of the Adviser's responsibilities for the prevention of money laundering under applicable laws, the Adviser may require a detailed verification of a prospective investor and the source of such investor's funding. In the event of delay or failure by a prospective investor to produce any such information required for verification purposes, the Adviser may refuse to admit the investor.
23. **Inflation risk.** Inflation and rapid fluctuations in inflation rates have negative effects on the economics and markets of frontier and emerging market countries. Inflation assumptions are implicit in revenue and cost forecasts upon which investment decisions are made. Variances between anticipated and actual inflation could negatively affect returns.
24. **Credit and Market Risk.** The strategy will be investing in debt securities which involve credit risk that is, the risk of an issuer's inability to pay the principal payments. In addition, the value of a fixed income security will fluctuate depending on the actual changes in the perceived level of credit risk as well as the actual event of default. Such Investments may

also be subject to price volatility due to factors such as changes in interest rates, general level of market liquidity and market perception of the creditworthiness of the issuer, referred to as the market risk.

25. **Borrower Company Management.** With respect to management at the Borrower Company level, many Borrower Companies may rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect the Investment's performance. Although the Adviser expects to monitor the management of each relevant Borrower Company, the management team of each Borrower Company will have day-to-day responsibility with respect to the business of such Investment.
26. **Control position Risk.** The strategy may seek investment opportunities that allow the Adviser to acquire control or exercise influence over management and the strategic direction of Investments. The exercise of control over a company imposes additional risks of liability, failure to supervise management, and other types of liability in which the limited liability characteristics of business operations may generally be ignored. The exercise of control over an investment could expose the assets to claims by such investment, its security holders and its creditors. While the Adviser intends to manage the strategy in a way that will minimize exposure to these risks, the possibility of successful claims against the investor cannot be precluded.
27. **Non-control position Risk.** The Adviser may make Investments in Borrower Companies where it may have limited influence. Such Borrower Companies may have economic or business interests or goals that are inconsistent with those of the strategy and the Adviser may not be in a position to limit or otherwise protect the value of its Investment in such Borrower Companies.
28. **Brexit and political risk.** On March 29, 2017, the United Kingdom formally notified the European Council of its intention to leave the European Union ("Brexit"). Under the process for leaving the European Union contemplated in article 50 of the Treaty on the Functioning of the European Union, the United Kingdom left the European Union on January 31, 2020, and entered an 11-month transitional period. During the transitional period, the United Kingdom and the European Union negotiated the terms of their future relationship. Although one cannot predict the full effect of Brexit, it could have a significant adverse impact on United Kingdom, European and global macroeconomic conditions and could lead to prolonged political, legal, regulatory, tax and economic uncertainty. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the United Kingdom or the European Union, including companies or assets held or considered for prospective investment by the Adviser. The future application of European Union-based legislation to the private fund industry in the United Kingdom and the European Union will ultimately depend on how the United Kingdom renegotiates its relationship with the European Union. There can be no assurance that any renegotiated terms or regulations will not have an adverse impact on the strategy and its investments, including the ability of the strategy to achieve its investment objectives. Brexit may result in significant market dislocation, heightened counterparty risk, an adverse effect on the

management of market risk and, in particular, asset and liability management due in part to redenomination of financial assets and liabilities, an adverse effect on the ability of the Adviser and their respective affiliates to manage, operate and invest and increased legal, regulatory or compliance burden for the investors, the Adviser, the Investment Adviser and their respective affiliates, each of which may have a negative impact on the operations, financial condition, returns or prospects of the strategy. Political parties in several other member states of the European Union indicated at the time of the United Kingdom's referendum to leave the European Union that a similar referendum be held on their country's membership in the European Union. It is unclear whether any other member states of the European Union will hold such referendums, but if they do, further disruption can be expected.

### **Risk Factors Relating to Frontier and Emerging Markets**

Described below are certain risk factors peculiar to investing in frontier and emerging markets. These require consideration of matters not usually associated with investing in securities of issuers in the developed capital markets of North America, Japan or Western Europe. The economic and political conditions differ from those in Western markets, and offer less social, political and economic stability. The absence in many cases, until relatively recently, of any move towards capital markets structures or to a free-market economy means investing in these countries is riskier than investing in Western markets. These risks are likely to exist to a greater or lesser degree in most of the markets in which the strategy may invest.

1. **Political and Economic Risks.** Although the recent trend in frontier and emerging markets has been towards more open markets and the promotion of private business initiatives, no assurance can be given that the governments of the frontier and emerging market countries will continue to pursue such policies or that such policies may not be altered significantly. This may potentially result in nationalization, expropriation or confiscation of assets, punitive taxation, increased or adverse government regulation, social instability, corruption, or the imposition of economic sanctions.

Frontier and emerging market countries are susceptible to unrest arising from economic hardship, discontent with privatization programs, social and/or ethnic instability, and changes in government leadership, institutions and policies. Future changes in government, major policy shifts or lack of consensus between various branches of the government and powerful economic groups, could disrupt economic and regulatory reforms and create an uncertain business environment which could adversely affect the value of the strategy's Investments. Terrorism, together with any related negative effects on neighboring states or region as a whole, may have a negative effect on the assets of the strategy.

Stock markets in the frontier and emerging markets tend to be more volatile than some of those in developed countries and this may affect the liquidity of the strategy's Investments which are listed on stock exchanges in such markets.

The strategy's Investments may be (or may become in the future) subject to foreign

exchange controls that may adversely affect the ability to repatriate the income or proceeds from the sale of the strategy's Investments.

Repatriation of income, capital and the proceeds from sales of Investments by the strategy may require government consents. Delays in or a refusal to grant such approval, or a revocation or variation of consents granted prior to Investments being made in any particular country, or the imposition of new restrictions, may adversely affect the strategy's Investments.

Many frontier and emerging market economies are reliant on commodity-based industries for a significant portion of their GDP and are vulnerable to market downturns and economic slowdowns elsewhere in the world and the impact this may have on commodity prices and investment priorities. As has happened in the past, a softening of commodity prices, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment and adversely affect the economies of those countries. Instability in neighboring states could also impact movement and trading of goods, subsequently impacting the revenue streams of Investments.

There is no assurance that political, economic and market reforms in frontier and emerging markets will not be suspended or reversed. There are no assurances that the reform process that has begun will continue, and that the final outcome will be anything resembling a democratic, market-based society as it is known in Western Europe and North America, or that relationships with Western nations will not deteriorate.

Although legislation has been implemented to protect private property owners from expropriation and nationalization, there is no assurance that such legislation could not at some point in the future be amended, that all of the rights and interests of owners and creditors of such expropriated and nationalized property would be protected, or that investors would be fairly and properly compensated in case of such nationalization.

Nationalization or expropriation could also occur indirectly through, for example, disenfranchisement of the shares of outsiders or by concentration of voting power in state-owned shares. Furthermore, Borrower Companies in which the Adviser invests may be, or may become, subject to unduly burdensome and restrictive regulation affecting their commercial freedom and thereby diminishing the value of the strategy's investment in them. Therefore, restrictive or excessive government regulation may also be seen as a form of indirect nationalization.

2. **Regulatory Risk.** The issuers of instruments in which the strategy invests may be or become subject to unduly burdensome and restrictive regulation affecting commercial freedom and this in turn may have an adverse impact on the value of the investments. Over-regulation may therefore be a form of indirect nationalization.
3. **Nature of Investments and Market Risks.** Investments to be made carry risks not usually associated with investing in securities in more developed markets. The strategy is likely to experience greater price volatility and significantly lower liquidity than if invested in more developed markets. With nascent capital markets in many of the countries in which the



Adviser may invest, there are often severe difficulties in meeting investor demand for the available debt and/or equity instruments. This can lead to primary issues and auctions of debt instruments being greatly oversubscribed.

Debt obligations acquired are likely to have no credit rating or a low rating. Such securities may involve greater risks of loss of income and principal than rated or higher-rated securities and are speculative in nature. Although they may offer higher yields than do higher-rated securities, they generally involve greater price volatility and risk of default in payment of principal and income.

The use of synthetic products can overcome problems and mitigate certain risks associated with direct investment in the underlying obligations. Such products expose the Fund to counterparty and other risks (as summarized below).

No assurance can be given that Investments will continue to earn yields comparable to those earned historically, nor can any assurance be given that issuers whose obligations the Fund acquires will make payments on such obligations as they become due.

4. **Synthetic Product and Subsidiary Risk.** The synthetic products in which the Adviser may invest are subject to counterparty and regulatory risks including, but not limited to the risks described in this paragraph. The counterparty risk lies with each party with whom the Adviser contracts for the purpose of making Investments and, where relevant, the entity in the country with whom the counterparty has made arrangements to ensure an onshore presence in the emerging country. The investor may not be entitled to assert any rights against the entity in the emerging country with whom it does not have a contractual relationship. The Adviser may not be able to procure that the counterparty asserts its own rights, if any, against the onshore entity in the country with whom it has made arrangements. In the event of the counterparty's insolvency, the investor will only rank as an unsecured creditor. In the event of the insolvency of any entity in the emerging country with whom the investor does not have a contractual relationship, it is likely that the investor will lose its entire Investment. The effectiveness and legality of the synthetic product structure, and in particular the ability of the investor's counterparty to invest efficiently in the country from offshore, is subject to intervention by the relevant local authorities, their re-interpretation of law and current commercial and tax efficient practice and legislation, as well as to changes in relevant laws and regulations. As a result, the investor may not get back all or any part of its investment in the synthetic products in which it invests, or it may find that the proceeds of its investment are not repatriable. It may not be possible for the Adviser to negotiate favorable terms for its investment in synthetic products. In some cases, the investor may be obliged to hold harmless and indemnify its counterparty from and against all losses resulting from a breach by the investor of its obligations or in respect of all costs and expenses incurred by the counterparty in relation to its arrangements with the onshore entity. If the underlying Investment remains unpaid or is re-scheduled (including being the subject of a moratorium, debt substitution, exchange or similar event) the investor could lose part or the whole of its investment. Similarly, if the underlying Investment or the synthetic product structure is re-characterized, the Adviser may be forced to terminate its investment in the synthetic product earlier than had been anticipated and at a loss to par or all of the Investment.

5. **Illiquidity of Investments.** Listed securities and securities traded over the counter are generally illiquid. The effect of this will be to increase the difficulty of valuing the strategy's Investments and until a market develops, certain of the investments may generally be illiquid. There may be no established secondary market for certain of the investments made by the Adviser. Reduced secondary market liquidity may affect adversely the market price of the investments and the ability to dispose of particular Investments to meet liquidity requirements or in response to specific events such as deterioration in the creditworthiness of any particular issuer.
6. **Settlement Risk.** Because of the absence of organized securities markets as well as the underdeveloped state of the legal, banking and telecommunications systems, concerns arise in relation to settlement, clearing and registration of transactions in securities. Furthermore, due to the local postal and banking systems, no guarantee can be given that all entitlements attaching to securities acquired, including interest and dividends, can be realized. However, the Adviser makes no representation or warranty about, or any guarantee of, the operation, performance, settlement, clearing and/or registration of investments or the credit risks associated with dealing in any investments.
7. **Custody Risk.** Custody services in many frontier and emerging market countries remain undeveloped and, although the Adviser will endeavor to put into place control mechanisms, including the selection of agents to register investments on behalf of the investor and regular audits of entries on relevant registers to ensure that the interests continue to be recorded, there is a transaction and custody risk of dealing in these markets.

Although the Adviser will, so far as is possible, satisfy itself that each agent selected to provide for the safe custody of Investments is fit and proper and that arrangements are in place to safeguard the interests of the Adviser, Adviser will not be liable for the acts or omissions of any agent, nor for any losses suffered as a result of the fraud, negligence, willful default or the bankruptcy or insolvency of any agent. Upon the default of any agent, many of the protections which would normally be provided to an investment fund by a trustee, custodian or sub-custodian will not be available.

It must be appreciated that the Adviser will be investing in countries where the current law and market practice carries fewer safeguards than in more developed markets and that the Adviser can accept no liability for losses resulting from acting in accordance with such practice.

8. **Possible Business Failures.** The insolvency or other business failure of any one or more of the investments could have an adverse effect on the performance and ability to achieve its objectives. Many of the target investment countries have enacted or are in the process of enacting laws on the insolvency of enterprises, but there is as yet no significant level of experience in how these laws will be implemented and applied in practice. The lack of generally available financing alternatives for companies in many of the target investment countries increases the risk of business failure.
9. **Accounting Practice.** Accounting standards in the countries where the Adviser may invest

may not correspond to International Financial Reporting Standards in all material respects. In addition, auditing requirements and standards differ from those generally accepted in the international capital markets and consequently information which would be available to investors in developed capital markets is not always obtainable in respect of companies in such countries.

10. **Quality of Information.** Investors in the countries where the Adviser may invest generally have access to less reliable or less detailed information, including both general economic data and information concerning the operations, financial results, capitalization and financial obligations, earnings and securities of specific enterprises. The quality and reliability of information available to the Adviser will, therefore, be less than in respect of investments in Western countries. Obligations on companies to publish information are also more limited, thus further restricting opportunities for the Adviser to carry out due diligence. At present the Adviser will be obliged to make investment decisions and the Administrator investment valuations on the basis of financial information that will be less complete and reliable than that customarily available in the West. Also, the quality and reliability of official data published by the government and government agencies are generally not equivalent to that of more developed Western countries.
11. **Legal Risks.** Laws and regulations in frontier and emerging markets may not accord equivalent rights (or protection for such rights) relative to countries with more sophisticated laws and regulations. Additionally, court claims are often used in the furtherance of political aims. The Adviser's Investments may be subject to such claims and may not be able to receive a fair hearing. Additionally, court judgments are not always enforced or followed by law enforcement agencies.

The rate of legislative change in certain of the countries where the Adviser may invest is extremely rapid and the content of proposed legislation when eventually adopted into law is difficult or impossible to predict. Such proposed legislation may have an adverse effect on foreign investment. It is similarly difficult to anticipate the impact of legislative reforms on securities in which the Adviser will invest. Although there is often significant political support for legislative change to bolster and facilitate the movement to a more developed market economy, it is not certain that legislation when enacted will advance this objective either consistently or in a coherent manner. In some cases, the magnitude of the changes taking place has resulted in a lack of confidence in the courts to give clear and consistent judgments. Legislation can be published by a variety of governmental bodies and remaining up to date and in complete compliance with legal rules and standards can often be difficult. There is also a lack of precedent in relation to market-oriented legal relations for many of the local currency instruments.

12. **Taxation.** Tax law and practice in countries in which the Adviser may invest is not as clearly established as that of the Western nations. It is possible therefore that the current interpretation of the law or understanding of practice may change or, indeed, that the law may be changed with retrospective effect. Accordingly, it is possible that the investor could become subject to taxation in the countries in which the Adviser may invest that is not anticipated either at the date of this Memorandum or when Investments are made, valued or disposed of. In addition, in certain countries where the Adviser may invest, the domestic

tax burden is high and the discretion of local authorities to create new forms of taxation has resulted in a proliferation of taxes, in some cases imposed or interpreted retrospectively.

13. **Crime and Corruption.** Organized crime and corruption, including extortion and fraud, pose a risk to businesses in frontier and emerging markets. The Adviser will only invest in projects where intensive due diligence was done and there is assurance that no corruption is found, or is considered a high risk, impacting the Investment. Only legal networks will be used in procuring new deals through the Adviser's trusted networks. In addition, the Adviser will implement measures aimed at preventing it from being used as a vehicle for money laundering as well as measures aimed at preventing the solicitation or payment of bribes. However, there can be no absolute assurance that these measures will be completely effective.
14. **Exchange and Currency Risk.** Many of the currencies in which the Adviser may invest are neither freely convertible into one of the major currencies nor internationally traded. The local currencies may be convertible into other currencies only inside the relevant countries where the limited availability of such other currencies may tend to inflate their values relative to the local currency in question. Such internal exchange markets can therefore be said to be neither liquid nor competitive. In addition, many of the currencies of countries in which the Adviser may invest have experienced steady devaluation relative to freely convertible currencies.

The value of an investment will be affected by fluctuations in the value of the underlying currency of denomination of the investments against the U.S. dollar or by changes in exchange control regulations, tax laws, withholding taxes and economic or monetary policies. The local currencies in which the Adviser may be invested from time to time may experience substantially greater volatility against the U.S. dollar than the major convertible currencies of developed countries. Adverse fluctuations in currency exchange rates can result in a decrease in the net return and in a loss of capital for the investor. Accordingly, investors must recognize that the value of units can fall as well as rise for this reason as can the ability to generate sufficient income to pay a distribution in U.S. dollars.

The Adviser may attempt to mitigate the risks associated with currency fluctuations by entering into forward, futures and options contracts to purchase or sell the currency of denomination of any Investment held by the investor and any other currencies held by the investor, to the extent such contracts are available on acceptable terms. Investors should realize that such contracts may not be available in all of the currencies in which the Adviser may invest from time to time and may in the event of major market disruptions or for other reasons be unenforceable.

15. **The Banking System.** In addition to being under-developed, the local banking systems in many of the countries in which the Adviser may invest are subject to two main risks: first, the insolvency of a bank due to concentrated debtor risk; and second, the effect of inefficiency and fraud in bank transfers. In addition, banks have not developed the infrastructure to channel domestic savings to companies in need of finance who thereby can experience difficulty in obtaining working capital. Trade embargoes, sanctions and other restrictions ("restrictions") may, from time to time, be imposed by international bodies (for

example, but not limited to, the United Nations) or sovereign states (for example, but not limited to, the United States) or their agencies on Investments held or to be held by the investor. Such restrictions may result in an investment or cash flows relating to an investment being frozen or otherwise suspended or restricted ("suspensions"). The Adviser will not be liable for any losses suffered as a result of the imposition of such restrictions or as a result of suspensions being imposed on any Investment or any cash flows associated with any Investment.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Adviser or the integrity of the Adviser's management. The Adviser has no information applicable to this Item.

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

Adviser is a wholly owned subsidiary of Enko Capital Investment Management Ltd. In Mauritius (“Enko Capital Group”). Within the Enko Capital Group, there are three other wholly owned subsidiaries: Enko Capital West Africa Ltd. (Cote d’Ivoire), Enko Capital Management (Pty) (South Africa), and Enko Capital Management (Proprietary) Ltd (Mauritius). Enko Capital Management LLP (United Kingdom) is an affiliate, and Enko Capital Investments (PTY) Ltd (South Africa) is a wholly owned subsidiary of Enko Capital Management LLP (United Kingdom).

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

## Item 11 – Code of Ethics

Adviser has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Adviser must acknowledge the terms of the Code of Ethics annually, or as amended.

Adviser anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Adviser has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Adviser, its affiliates and/or clients, directly or indirectly, have a position of interest. Adviser's employees and persons associated with Adviser are required to follow Adviser's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Adviser and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Adviser's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Adviser will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Adviser's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Adviser and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Adviser's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Adviser will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Adviser's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Stephane Nouni.



## Item 12 – Brokerage Practices

Adviser only executes trades with brokers and counterparties that have been pre-approved in accordance with its due diligence processes. A list of the brokers that Adviser transacts with is maintained by the Chief Compliance Officer.

Adviser's Board, in supervision of the best execution obligations, will on an on-going basis, monitor and review the quality of execution services provided. Further details are set out in Adviser's Best Execution Policy. Adviser is required to take all sufficient steps to obtain the best possible results on a consistent basis on behalf of its clients when executing orders taking into account the execution factors ("Direct Execution"). Adviser is required to act in accordance with the best interests of its clients when transmitting or placing orders with other entities for execution that result from decisions to deal, and to take all sufficient steps to obtain the best possible result for the client taking into account the execution factors ("Indirect Execution"). In order to deliver Best Execution, Adviser uses its knowledge, experience and judgement to execute trades on behalf of its clients taking into consideration a number of execution factors including:

- The price that the order can be executed at;
- The costs of execution of the transaction to the client;
- The speed of execution of the transaction;
- The likelihood of achieving execution and settlement;
- The size and nature of the order; and
- Any other considerations relevant to the execution of the specific order (the "Execution Factors").

Adviser is required to determine the relative importance of the Execution Factors for its clients by taking into account the following criteria:

- The characteristics of the client, including the categorization of the client;
- The characteristics and nature of the client order;
- The characteristics of the financial instruments that are the subject of that order; and
- The characteristics of the execution venues/brokers to which that order can be directed. In considering the Execution Criteria and the importance of the Execution Factors, Adviser also takes into account the client's understanding and experience of the market in question, the client's dealing profile, the nature of the dealing service the client requires, and the specific and general instructions given to Adviser by the client which may prioritize how Adviser fills client orders. It is the responsibility of the portfolio manager/trader to escalate any issues with respect to best execution to the Chief Compliance Officer.

Adviser manages assets on behalf of various clients. The Firm is required to implement procedures and arrangements which provide for the prompt, fair and expeditious execution of Adviser's client's orders,

relative to other orders or the trading interests of Adviser. Thus, Adviser adopts procedures to ensure Adviser allocates and aggregates trades consistently and equitably between clients (whether pro rata or some other equitable means taking into account each client's investment objectives and other characteristics). If appropriate, Adviser implements a documented Aggregation and Allocation Policy which details the basis for allocation in order that it is consistently applied, and trade records are annotated in any situation where the actual allocation differs from the Policy or the original allocation for that trade. While Adviser endeavors to undertake a consistent process, there are always valid commercial reasons for a deviation. It is important that these valid commercial reasons are documented at the time of execution in order to demonstrate the fair treatment of all clients.

Factors and principles that may form the basis of allocation include – but are not limited to – the following:

- Legal and regulatory restrictions affecting the participation rates for any clients;
- Risk and/or volatility tolerance of the client;
- Each client's own investment horizon;
- Liquidity preference or availability;
- Target return;
- Desired portfolio diversification;
- Portfolio restrictions;
- Other investment opportunities that may be available to a client;
- Size of the investment and minimum investment sizes – for example, where allocation of an investment opportunity would be insufficient to make up a meaningful portion of a client's portfolio, such client may be excluded from the investment opportunity due to the de minimis nature of the allocation; and
- The need to rebalance positions held by any client in an investment due to capital inflows or outflows.

### **Item 13 – Review of Accounts**

Separate client accounts are reviewed by Adviser's investment professionals on a continuous basis to determine whether securities positions should be maintained in light of current market conditions. Matters reviewed include specific securities held and the performance of the client account. Certain separate client accounts are reviewed on an ad hoc basis. Separate account clients will receive quarterly investor reporting showing client's assets under management, current market value and estimated investment returns from Adviser. Such reports may be delivered electronically to the client in accordance with the client's agreement with Adviser.

Investors in Adviser's private fund receive reports from the fund's administrator pursuant to the terms of each fund's offering memoranda or as otherwise described in the offering document of the fund.

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

Adviser does not, nor do its principals or employees, receive any economic benefit from non-clients for providing advisory services to its clients, nor does Adviser provide compensation, directly or indirectly, to any person who is not a supervised person for client referrals.

## **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Adviser urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

Adviser usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

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

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

## Item 17 – Voting Client Securities

As a matter of firm policy and practice, Adviser does not generally vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Adviser may provide advice to clients regarding the clients' voting of proxies.

For corporate reorganizations or debt restructuring Adviser will vote on a case-by-case basis on proposals to increase common and/or preferred shares, with or without preemptive rights, and to issue shares as part of a debt restructuring plan, after evaluating:

1. Dilution to existing shareholders' positions;
2. Terms of the offer - discount/premium in purchase price to investor, including any fairness opinion; termination penalties; exit strategy;
3. Financial issues - company's financial situation; degree of need for capital; use of proceeds; effect of the financing on the company's cost of capital;
4. Management's efforts to pursue other alternatives;
5. Control issues - change in management; change in control, guaranteed board and committee seats; standstill provisions; voting agreements; veto power over certain corporate actions; and
6. Conflict of interest - arm's length transaction, managerial incentives. Vote FOR the debt restructuring if it is expected that the company will file for bankruptcy if the transaction is not approved.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Adviser's financial condition. Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.