

Form ADV Part 2A, Brochure

Item 1: Cover Page

Marcellus Investment Managers Private Limited
Boston House, 102 First Floor, Suren
Road, Near WEH Metro Station, Andheri East, Mumbai 400093
Main: +91-22 6267 6872

June 24, 2024

This brochure (“**Brochure**”) provides information about the qualifications and business practices of Marcellus Investment Managers Private Limited (“**Marcellus**,” “**we**,” or “**us**”). If you have any questions about the content of this Brochure, please contact us at +91-22 62676872 or visit marcellus.in. This Brochure has not been approved by the United States Securities Exchange Commission (the “**SEC**”) or by any state securities authority. Additional information about Marcellus is available on the SEC’s website, www.advisorinfo.sec.gov.

Item 2: Material Changes

This Brochure, dated June 24, 2024, replaces Marcellus's amended Form ADV Part 2A, dated June 28, 2023. The purpose of this Item 2 is to provide clients with a summary of new and/or updated information that is contained in the remainder of the Brochure.

Since Marcellus's amended filing on June 28, 2023, key updates were made to the following section:

- **Item 4:** Under Paragraph E, updated the AUM as at March 31, 2024
- **Item 5:** Under Paragraph A, deleted one model portfolio along with their maximum annual rate as it is no more offered by Adviser. Under Paragraph B, clarification added with respect to charging certain additional fees to particular type of clients.
- **Item 7:** Updated minimum investment value
- **Item 8:** Under Paragraph A, deleted one model portfolio.
- **Item 8:** Under Paragraph A, deleted one model portfolio and Under Paragraph C, added new risks
- **Item 10:** Added description of other Financial Industry Activities and Affiliations.
- **Item 17:** Added brief of process of Voting.

Item 3: Table of Contents

Item 1: Cover Page.....	1
Item 2: Material Changes.....	1
Item 3: Table of Contents.....	2
Item 4: Advisory Business.....	3
Item 5: Fees and Compensation.....	4
Item 6: Performance-Based Fees and Side-By-Side Management.....	6
Item 7: Types of Clients.....	6
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9: Disciplinary Information.....	12
Item 10: Other Financial Industry Activities and Affiliations.....	13
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	13
Item 12: Brokerage Practices.....	14
Item 13: Review of Accounts.....	16
Item 14: Client Referrals and Other Compensation.....	16
Item 15: Custody.....	16
Item 16: Investment Discretion.....	16
Item 17: Voting Client Securities.....	17
Item 18: Financial Information.....	17

Item 4: Advisory Business

A. General Information

Marcellus is an investment adviser located in Mumbai, India, that was formed on August 7, 2018. The principal owner of Marcellus is Mr. Saurabh Mukherjea.

B. Investment Advisory Services

Marcellus offers investment advisory services with respect to securities traded on the primarily public markets in India also other selected public markets to separately managed accounts (“SMA”) for institutions, individuals and entities (e.g., pension plans, family offices, wealthy individuals, etc.). Marcellus is a “fee-only” investment advisory firm. Marcellus does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other products for a commission. Marcellus offers to manage clients’ accounts only on a discretionary basis.¹ As a discretionary investment adviser, Marcellus will have the authority to supervise and direct the portfolio without prior consultation with the client.

As discussed further in Item 8, Marcellus offers model portfolios to its clients. In addition, for larger accounts, Marcellus will consider creating custom portfolios. Consistent with this investment approach, Marcellus constructs portfolios for clients based on size, objectives, and risk tolerance that primarily include common stocks, preferred stocks, and other equity and equity-linked securities. Notwithstanding the foregoing, Marcellus may supplement positions in Indian equities with fixed income, money market/cash equivalents, or other securities. Clients may request reasonable restrictions on investments in certain financial instruments; however, notice of requested restrictions is required to be given to Marcellus in writing, and will not be implemented without agreement by Marcellus in writing.

C. Private Funds

Marcellus currently serves as investment sub-advisor to the K India Opportunities Fund Limited (Consistent Compounders India Funds), a private fund advised by an SEC-exempt reporting adviser. Additionally, Marcellus manages a pooled investment vehicle offered in India and other jurisdictions outside of the U.S. that would be a private fund if it were offered in the U.S. (the “**Indian Fund**”).

D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. Marcellus does not participate in any wrap fee programs.

¹ Marcellus provides advisory services on a non-discretionary basis to certain India-based legacy accounts but does not offer non-discretionary advisory services to U.S. clients.

E. Type and Value of Assets Currently Managed

As of March 31, 2024, Marcellus managed \$USD 897,906,710 in discretionary assets under management and USD 130,769,136 in non-discretionary assets under management.

Item 5: Fees and Compensation

Marcellus bases its portfolio management fees on a percentage of assets under management. In addition, Marcellus collects and remits to applicable third parties fees for services required under Indian law, as described under Item 5.B below. New investment advisory agreement fees are calculated on a work-scope basis and may be adjusted for complexity of individual situations, especially when investment management is not the most significant part of the relationship. Marcellus, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon a number of criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.). All fees are subject to negotiation.

A. Investment Advisory Services Fee

The scope of work and fee for an investment advisory agreement is provided to the client in writing prior to the start of the relationship. An investment advisory agreement includes investment advisory services and periodic performance reporting.

Fees are based on a percentage of assets under management and are charged at the end of the billing period. The end of the billing period is typically the end of each calendar quarter. Fees will depend on the type and size of the account and the specific investment strategy employed. Fees are typically assessed in arrears, but may be payable in advance under limited circumstances. If an account is closed or transferred, Marcellus has the right to prorate fees for the period of time the assets are under management.

While fees may be individually negotiated, clients will generally pay investment advisory fees not to exceed the following annual rate for each of Marcellus's model portfolios:

<u>Model Portfolio</u>	<u>Maximum Annual Rate</u>
Consistent Compounders	2.50%
Kings of Capital	2.50%
Little Champs	3.5 %
Liquid STP	2.50%
Marcellus Curation	2.50%
Rising Giants	2.50%

MeritorQ	2.50%
Global Compounders	2.50%

B. Additional Fees

In addition to the investment advisory fees discussed above, Marcellus collects the following fees consistent with Indian market regulations and practices:

- Accounting fee, which covers assistance needed for establishing and maintaining a client's account;
- Audit fee, which covers an independent audit or verification of a client's account (generally required under Indian or U.S. law);
- Custodian fee, which covers the costs associated with maintaining a client's account with a custodian; and
- Legal/notary fee, which covers certain stamp and notary charges associated with preparing a client's account.

Marcellus will not collect more than 0.50% per annum of a client's assets under management to cover these fees and – for most U.S.-based clients – these fees are covered out of the client's investment advisory fee. Exceptions may be made on a negotiated basis for institutional and other client relationships.

The fees charged by Marcellus do not cover fees and charges in connection with: debit balances, margin interest, odd-lot differentials, IRA fees, transfer taxes, exchange fees, wire transfers, extensions, non-sufficient funds, mailgrams, legal transfers, bank wires, postage, costs associated with exchanging foreign currencies, and SEC fees or other fees or taxes required by law. In addition, clients may choose to participate in a custodian's sweep program, which may offer commingled investment vehicles such as money market mutual funds. All such funds typically incur fees for investment advisory, administrative and distribution services.

A client will incur transaction charges and/or brokerage fees when securities are purchased or sold for the client's account. These charges and/or fees are typically imposed by the broker-dealer or custodian through which the transactions are executed. For additional information with respect to Marcellus's brokerage practices, see Item 12 below.

Custodians of client assets, especially in cases of accounts designated as a retirement account (i.e., traditional pension, IRA, Roth IRA, 401k, etc.), may charge a fee to cover the cost associated with the additional tax reporting these accounts require. This fee may be charged and collected by the custodian and is in addition to the fees charged by Marcellus.

Other fees may also be charged by the custodian in special situations, such as for legal transfers, wire requests, check re-orders, insufficient funds, and other service-related fees. These fees are charged and collected by the custodian and are in addition to the fees charged by Marcellus.

C. Payment

Generally, fees are debited directly from specified client accounts unless other arrangements are made and mutually agreed to in writing (e.g., Marcellus provides the client an invoice for direct payment outside of the client's accounts). Clients must consent in advance in writing to direct debiting of their investment accounts. Marcellus will provide clients with a detailed invoice including the time period covered, fee amount, assets on which the fee was calculated and the formula used to calculate the fee. For accounts that pay in advance, if the account is terminated during the calendar quarter, the fee will be prorated based on the period of time during the quarter the account was open, and any unused portion of any fees paid in advance will be returned to the client.

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

A performance-based fee is a fee calculated based on a share of capital gains on, or capital appreciation of the assets of a separately managed account. In addition to those fees listed in Item 5, Marcellus may charge an annual performance-based fee. Prospective clients should note that performance-based fees can create an incentive for an adviser such as Marcellus to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Also, because the performance-based fee is calculated on a basis which includes unrealized as well as realized appreciation of assets, the incentive may be greater than if such compensation were based solely on realized gains.

Furthermore, since Marcellus also has clients who do not pay performance-based fees, Marcellus has an incentive to favor accounts that do pay such fees because compensation it receives from these clients is more directly tied to the performance of their accounts. To address these conflicts of interest, Marcellus has implemented policies and procedures to ensure that all of their advisory clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities. Performance-based fees will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940, as amended.

Item 7: Types of Clients

As discussed in Item 4 above, Marcellus provides investment advice to SMAs and to pooled funds which may include individuals, investment companies, pension and profit sharing plans, trusts, estates, or charitable organizations, and corporations or other entities. Client relationships vary in scope and length of service. As noted in Item 4, Marcellus also provides services to the Indian Fund. Marcellus only provides services to clients who invest a minimum of the US dollar equivalent of INR 50 lacs (currently approximately \$60,000). Marcellus, in its sole discretion, may waive its account minimum based upon a number of criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, account composition, negotiations with clients, etc.).

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

The investment strategy for a specific client is based upon the client's size, objectives, and risk tolerance.

A. Methods of Analysis

Marcellus uses a combination of internal and external research to identify investments and construct portfolios designed to achieve the client's stated goals.

In managing client accounts, Marcellus manages towards model portfolios (each a “**Model**” and collectively the “**Models**”) whereby the firm allocates all or a portion of a client's assets among various securities on a discretionary basis using one or more of its proprietary investment strategies. The Models are generally comprised of various India-based equities, equity-linked instruments, and other liquid securities. Marcellus currently offers the models described below:

- Consistent Compounders (generally focused on large cap Indian equities);
- Kings of Capital (generally focused on Indian financial sector equities);
- Little Champs (generally focused on small and mid-cap Indian equities); and
- Liquid STP (generally focused on temporarily investing a client's assets in money market or liquid funds² until the client's assets are transferred to one of the other Models).
- Marcellus Curation - (generally focused on combination of large cap and small cap Indian equities)
- Rising Giants (generally focused on small and mid-cap Indian equities);
- MeritorQ (generally focused on multi cap Indian equities)
- Global Compounders Portfolio (This model invests in publicly traded equities in markets other than India)

In addition, Marcellus offers customized portfolios to certain clients which are tailored to meet the client's specific size, objectives, and risk tolerance.

B. Investment Strategies

1. Equities.

In selecting individual equities for the Models, Marcellus considers one or more of the following attributes: distinct competitive advantages; dominant market positions; effective corporate governance; attractive and growing cash flows; solid and/or improving economic returns; and stable revenue streams. Additional attributes and characteristics that are not included above may be reviewed in determining whether to include a company in the allocation. To the extent consistent with a Model's investment objective and strategy, Marcellus may use options and derivatives instruments (e.g., to act as a hedge against market risk or other risks) including, without limitation, purchasing or writing put and call options.

2. Cash and Cash Equivalent

² Liquid funds are a class of debt funds that invest in short-term fixed interest generating money market instruments.

In managing Models or customized client portfolios, Marcellus values liquidity and, to the extent consistent with an account's investment objective and strategy, generally aims to allocate a portion of a client's assets in liquid securities. Marcellus may recommend or invest in cash and cash equivalents such as money market funds or liquid funds (including Exchange Traded Funds).

C. Risk of Loss

All investments are subject to various types of risks. Accordingly, there can be no assurance that client portfolios will be able to meet their investment objectives and goals or that investments will not lose money. Below is a description of the principal risks that client portfolios face:

- *Advisory Risks:* There is no guarantee that Marcellus's judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. In addition, Marcellus's methods of analysis may produce sub-optimal results if other methods of analysis (e.g., technical and quantitative) are favored by other investors.
- *Business Risks:* There are risks associated with particular industries or particular companies within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Credit Risks:* Financial intermediaries or security issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy or insolvency, any of which may affect portfolio values or management.
- *Currency Risks:* Investing in companies domiciled outside of the United States, or U.S. companies with overseas units, involves fluctuations in the value of the dollar against the currency of the foreign country, also referred to as exchange rate risk. Such fluctuations can affect client purchasing power.
- *Derivative Risks:* Investments in options involve certain risks, including, without limitation: (i) that the counterparty to a transaction may not fulfill its contractual obligations; (ii) of mispricing or improper valuation; and (iii) that changes in the value of the option may not correlate perfectly with the underlying asset, rate or index. Option prices are highly volatile and may fluctuate substantially during a short period of time. Such prices are influenced by numerous factors that affect the markets, including, but not limited to: government programs and policies; national and international political and economic events, changes in interest rates, inflation and deflation and changes in supply and demand relationships. It is possible that certain options might be difficult to purchase or sell, possibly preventing from executing positions at an advantageous time or price, or possibly requiring disposal of other investments at unfavorable times or prices in order to satisfy a portfolio's other obligations.
- *Equity instruments face macro-economic and geo-political risks:* Sudden changes to the macro-economic and geo-political environment within which Portfolio companies operate or are listed, could lead to increase in volatility of share prices of these companies.

- *Equity Market Risks:* Marcellus will generally invest client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted below, while pooled investment funds have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.
- *Financial Risks:* Excessive borrowing to finance a business's operations increases the risk of profitability because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- *Fixed-Income Risks:* Marcellus may invest portions of client assets directly into fixed-income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed-income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed-income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).
- *Foreign Investing and Emerging Markets (India) Risks:* Foreign investing involves risks not typically associated with U.S. investments, and the risks may be exacerbated further in emerging market countries, including India. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting the foreign and/or emerging market countries (e.g., India).
- *Indian Market Risks:* Investments in Indian equities and other securities are speculative, and therefore may offer high potential for losses. Political and economic structures in India are maturing, but do not have the history and longevity of such structures in more developed nations. Indian securities markets and securities regulations may offer less transparency to investors relative to more established exchanges (e.g., New York Stock Exchange, London Stock Exchange, Tokyo Stock Exchange, etc.). Indian equities are also subject to potentially higher volatility due to evolving government regulations and requirements, which are subject to change more rapidly than more developed nations. Share prices of Indian companies tend to be volatile, can be subject to currency exchange fluctuations for U.S. investors and can lack liquidity.
- *Inflation Risks:* When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Information Risks:* Investment professionals rely on research in order to make conclusions about investment options and select investments. This research is generally a mix of both

internal (proprietary) and external (provided by third parties) data and analyses. Particular third-party data, or outside research, is utilized, in part, because of its perceived reliability, but there is no guarantee that the data or research will be completely accurate and Marcellus will not seek to independently verify its accuracy. Failure in data accuracy or research may cause Marcellus to select investments that perform poorly and fail to help clients meet investment objectives and goals.

- *Interest-rate Risks:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Legislative and Tax Risks:* Performance may, directly or indirectly, be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations.
- *Liquidity Risks:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while directly held real estate properties are not. There is a risk that an investment in an illiquid product may make it harder to liquidate or require liquidating at a lower price due to the lack of readily available buyers.
- *Market Risks:* The price of any security, bond, mutual fund, ETF or the value of an entire asset class can decline for a variety of reasons outside of Marcellus's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political demographic, or social events.
- *Market Timing Risks:* Market timing is the strategy of making buy or sell decisions of securities by attempting to predict future market price movements. If these predictions are wrong, the portfolio may sustain substantial losses. Marcellus may use technical analysis for market timing, which involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.
- *Model Portfolio Risk:* Because Marcellus manages client assets consistent with selected Models, securities transactions for client accounts using a particular Model, while implemented upon a reasonable determination that the Model is suitable for the client based on the client's financial situation and investment objectives, may not be optimized for a client's individual tax circumstances.
- *Political Risks:* Changes in the political arena, both domestically and internationally, can

affect various investments and markets. Changes to fiscal and monetary policies, especially the tax code, can have far reaching effects on individual companies, industry sectors or the whole market.

- *Reinvestment Risks:* There is a risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed-income securities.
- *Restrictions Risks:* As stated above, clients may place restrictions on the management of their accounts. However, these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.
- *Risks of Investments in Mutual Funds, ETFs and Other Investment Pools:* Marcellus may invest client portfolios in mutual funds, ETFs and other investment pools (“**pooled investment funds**”). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds’ success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940, as amended.
- *Securities Traded on Multiple Exchanges:* Securities traded on multiple exchanges in different jurisdictions are subject to greater volatility based on issues including, without limitation: (1) political, economic and other matters unique to traders and investors in the geographical location of the exchange; (2) greater interest and volume of trading on one exchange versus the other; and (3) arbitrage or other opportunities arising based on different prices for the same or an equivalent security on different exchanges.
- *Software Risks:* Marcellus delivers services through software. It is possible that such software may not always perform exactly as intended or disclosed, especially in certain combinations of unusual circumstances, and any software imperfections, malfunctions or “glitches” could result in client losses. Marcellus continuously strives to monitor, detect and correct any software that does not perform as expected or disclosed, and Marcellus preserves contractual rights to direct any software vendors to address and/or troubleshoot technical issues that may from time to time arise.
- *Tax Risks:* Securities held in client accounts are subject to taxes based on the rules, regulations and laws of the clients’ tax jurisdictions. Accordingly, clients are subject to taxes on income and capital gains, and potentially other taxes, with respect to the securities in their accounts based on their particular circumstances. Marcellus recommends that clients consult their tax advisers regarding tax and tax-related risks of the securities in their accounts.
- *Transition Risks:* As assets are transitioned from a client’s prior adviser to Marcellus, there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments may need to be sold in order to

reposition the portfolio into the asset allocation strategy selected by Marcellus. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include low share prices Marcellus deems to be unwarranted, restrictions on trading, contractual restrictions on liquidity, market-related liquidity, or legacy stock concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of Marcellus may adversely affect the client's account values.

- *Unforeseeable Circumstances Risk:* There is no guarantee that Marcellus will not be subject to an occurrence beyond its control including, without limitation: (i) an act of God (e.g., earthquake, fire, flood, war, act of terrorism, civil or military disturbance, sabotage, epidemic, pandemic, or riot); (ii) interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; (iii) accidents; or (iv) acts of civil or military authority or governmental action. Any of the foregoing could adversely affect Marcellus's capability to manage client accounts or could adversely affect markets in which client accounts are invested.

Past performance is no guarantee of future results, and any historical returns, expected returns, or probability projections may not reflect actual future performance.

In the course of creating and managing a client's investment portfolio, Marcellus believes it is important for Marcellus's clients to understand and evaluate these risks, as part of their overall approach to setting realistic investment objectives.

Item 9: Disciplinary Information

As a registered investment adviser, Marcellus is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Marcellus or the integrity of Marcellus's management.

On May 29, 2019, the Securities Exchange Board of India ("SEBI") issued show cause notice no. SEBI/HO/EAD-3/JS/OW/P/13577/1/2019 in respect of Mr. Saurabh Mukherjea, in the capacity of the CEO of Institutional Equities, Ambit Capital Private Limited ("Ambit") in the matter of Mannapuram Finance Ltd. ("MFL") under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudication Officer) Rules, 1995 and Rule 4(1) of Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 2005.

The SEBI alleged that on March 18, 2013, Mr. Mukherjea and other employees, in a meeting with Mr. I. Unnikrishnan and Mr. Sachin Agrawal of MFL, received unpublished price sensitive information ("UPSI") and communicated that UPSI through a research report to Ambit's clients two days before the UPSI was made public. The SEBI alleged that the commissioning and releasing of the research report violated SEBI regulations because the confidentiality of the UPSI was not maintained, resulting in loss on investors who were not privy to the UPSI and who dealt in the stock of MFL during the 19th and 20th of March, 2013.

On July 23, 2019, Mr. Mukherjea, without admitting or denying the findings of fact and conclusions of law, filed an application for settlement in connection with show cause notice. On September 29, 2020, the SEBI accepted the settlement application filed by Mr. Mukherjea and charged Mr. Mukherjea \$180,000 in settlement fees. Mr. Mukherjea has paid this amount in full and this matter is closed.

Item 10: Other Financial Industry Activities and Affiliations

Marcellus does not have any other financial industry activities. Marcellus has majority interest in Marcellus Capital Partners LLP (“MCP LLP”) and Marcellus Distributors LLP (“MD LLP”). MCP LLP is a SEBI regulated investment advisor which provides services only in India.

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

A. Code of Ethics

Marcellus has adopted and will maintain and enforce a Code of Ethics (the “Code”), which sets forth the standards of conduct expected of access persons. The Code requires compliance with applicable state and federal securities laws and fiduciary duties. The Code also addresses the personal securities trading activities of access persons in an effort to detect and prevent illegal or improper personal securities transactions. The Code requires initial and annual holdings reports and quarterly personal securities transaction reports be provided by access persons to Marcellus’s Chief Compliance Officer. A copy of the Code is available upon request by writing us at the address, or calling us on the phone number, located on the cover page.

B. Cross Trading

From time to time, Marcellus may direct a “cross trade” of securities between client accounts, whereby Marcellus arranges for one client account to purchase (the purchaser) a security directly from another client (the seller). Marcellus has a conflict of interest given the obligation to seek the best price and most favorable execution for each client involved in the cross trade. Marcellus will direct a cross trade when Marcellus believes that the transaction is in the best interest of both clients, that neither client will be disfavored by the transaction, and that the transaction receives the best execution. Marcellus will conduct any cross trades consistent with the investment objectives and policies of the accounts of each client participating in the cross trade and in compliance with applicable law. In addition, in connection with any cross trades, Marcellus will seek to obtain a price for the security from one or more independent sources. Marcellus is not a broker-dealer and receives no compensation from cross trading; however, the broker-dealer facilitating a cross trade will normally charge administrative fees to the clients’ accounts.

C. Participation or Interest in Client Transactions

Marcellus personnel may own the same securities in their personal accounts that are owned by the clients and may have investments in securities owned by or recommended to the clients. Additionally, Marcellus may purchase or sell for the client’s securities in which Marcellus, its affiliates or employees also have a position or interest. Since these situations may represent a

conflict of interest, Marcellus has implemented procedures relating to personal securities transactions that are designed to prevent actual conflicts of interest.

Item 12: Brokerage Practices

A. Best Execution

When Marcellus has discretion to determine brokerage, Marcellus has an obligation to seek to obtain best execution of client transactions under the circumstances of the particular transaction. With respect to a specific order, Marcellus determines brokerage based on, without limitation, the particular characteristics of a security to be traded, including relevant market factors, and considers other factors, such as: ability to minimize trading costs, level of trading expertise, trading desk/system infrastructure, ability to provide information related to the trade, financial condition, confidentiality provided by the broker-dealer, competitiveness of commission rates, evaluations of execution quality, promptness of execution, past history, ability to prospect for and find liquidity, difficulty of trade and the security's trading characteristics, size of order, liquidity of market, block trading capabilities, quality of settlements, specialized expertise offered and overall responsiveness.

B. Directed Brokerage

Clients may, with Marcellus's approval, direct Marcellus in writing to use a particular broker-dealer for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker; Marcellus will not negotiate commissions for directed brokerage. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

By directing Marcellus to use a specific broker-dealer, clients who are subject to the Employee Retirement Income Security Act of 1974 ("ERISA") confirm and agree with Marcellus that: (i) they have the authority to make the direction; (ii) there are no provisions in any client or plan document which are inconsistent with the direction; (iii) the brokerage and other goods and services provided by the broker-dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries; (iv) the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker-dealer on behalf of the plan are expenses that the plan would otherwise be obligated to pay; and (v) the specific broker-dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

C. Research and Other Soft Dollar Benefits

Marcellus does not currently receive soft dollar benefits for client trades.

D. Brokerage for Client Referrals

Neither Marcellus nor any related person of Marcellus directs trades to broker-dealers in exchange for client referrals from the broker-dealer or other third-party.

E. Aggregation

Marcellus provides investment management services to different types of clients. Certain investment management decisions may affect more than one account. For example, Marcellus may aggregate transaction orders when Marcellus takes an investment action with respect to multiple accounts with similar investment objectives. This includes aggregating orders involving both client employees and proprietary accounts. Such aggregation may be able to reduce trading costs or market impact on a per-share or per-dollar basis. When Marcellus aggregates trades, each participating account will receive the average share price and will share pro rata in the transaction costs, subject to minimum charges per account imposed by the broker-dealer effecting the transaction or the client's custodian. Marcellus also may determine an order will not be aggregated with other orders for a number of reasons which may include, without limitation: (i) local regulations or the account's governing documents do not permit aggregation; (ii) a client directs that trades be executed through a specific broker-dealer; (iii) aggregation is impractical because of specific trade directions received from the portfolio manager (e.g., a limit order); (iv) the order involves a different trading strategy; or (v) if Marcellus otherwise determines that aggregation is not consistent with seeking best execution.

From time to time an aggregated order involving multiple equity accounts does not receive sufficient securities to fill all accounts. For such a partial fill, the executed portion of the order is allocated to the participating accounts pro rata on the basis of order size; provided, that proprietary accounts will be the last to receive an allocation.

In allocating orders to fixed-income clients, Marcellus first determines that the securities are consistent with guidelines and a particular style of account. Marcellus then addresses specific account needs, which generally include, among other factors, a review of portfolio duration, sector allocation, security characteristics, cash positions and typical size of positions within the account. Marcellus then determines whether it is practical to allocate the proposed bond purchase across eligible accounts, as available block sizes for small issues may be too small for aggregation. In these cases, the portfolio manager has discretion to determine allocations based on the "best fit and need" for applicable accounts. Factors considered in such prioritization include, without limitation: specific needs, amount of cash available, amount of portfolio in similar types of credits, current maturity structure of portfolio, and whether the account was allocated bonds in recent purchases. As a result of this approach, not all eligible accounts will participate in every available bond opportunity. However, Marcellus seeks to allocate bond purchases in a manner that is fair to clients over time.

F. Cross Transactions

Marcellus may deem it beneficial to its clients to effect a cross transaction between clients that are not employee benefit plans governed by ERISA or proprietary accounts. In these cases, Marcellus will not receive any compensation for the cross trade. Marcellus will typically arrange with a third-party broker-dealer for one client account to sell the security to another client account. By entering into an investment advisory agreement with Marcellus, clients consent to cross transactions; however, Marcellus effects cross transactions only if, in Marcellus's judgment, the

transaction is beneficial to both the client account(s) selling the security and the client account(s) purchasing the security. See Item 11.B for more information.

Item 13: Review of Accounts

Account reviews are performed by Marcellus's principals or portfolio managers monthly, but may occur more frequently in response to market-driven events, client life events, changes to laws and regulations, new investment information, client deposits or withdrawals, or client transactions that Marcellus deems material. Reviews cover the foregoing as well the performance, portfolio composition and trading activity of its client accounts. Furthermore, clients receive written monthly updates from Marcellus, which contains the client's portfolio holdings and performance.

Item 14: Client Referrals and Other Compensation

Marcellus does not currently receive economic benefits from third parties for providing investment advice or other advisory services to clients.

Consistent with Rule 206-4(3) under the Advisers Act, Marcellus pays referral fees to independent persons or firms who solicit potential clients for Marcellus ("Solicitors"). Under these arrangements, Marcellus pays the Solicitors a portion of the management fees received by Marcellus for clients who engage Marcellus based on the Solicitors' recommendations. Whenever a Solicitor refers a prospective client, Marcellus requires the Solicitor to provide the prospective client with a copy of this Brochure and a separate disclosure statement that discloses the arrangement with the Solicitor, including the referral fee.

Item 15: Custody

Client assets are held at qualified custodians. Marcellus is deemed to have custody of client accounts to the extent that (1) Marcellus's advisory fees are typically debited directly from the client account(s) as detailed in the client's investment advisory agreement; and (2) Marcellus, consistent with Indian regulations and custodial practices, collects fees for custodians and other third-parties as described in Item 5. In light of the foregoing, Marcellus uses third-party accounting firms to audit client accounts, consistent with Indian and U.S. law.

Custodians provide monthly account statements directly to clients. Clients should carefully review reports provided by the custodian. Furthermore, clients are urged to compare the account statements received directly from their custodians to the monthly periodic performance report statements provided by Marcellus.

Item 16: Investment Discretion

With respect to discretionary investment advisory services, the client grants Marcellus the authority through an executed investment advisory agreement to carry out various activities in the account, generally including the selection and amount of securities to be purchased or sold in a portfolio without obtaining additional consent from the client. Marcellus then directs investment of the client's portfolio using its discretionary authority. The client may limit the discretion of Marcellus in writing as described in Item 4 above.

Item 17: Voting Client Securities

At Marcellus, we consider shareholder voting to be an important shareholder right and a valuable tool in the engagement process and we endeavor to vote on all relevant resolutions of investee companies which are critical for protecting and enhancing the investor's interests.

Marcellus has adopted a Voting Policy which was approved by the board of directors of the Marcellus on July 30, 2021. Marcellus uses the services of Proxy advisory firms to augment its voting process. Marcellus has engaged with a proxy voting advisor – Institutional Investor Advisory Services India Limited (IIAS) to assist in providing voting advisory services to Marcellus. Marcellus votes as and when custody gives access to the voting platform. The Voting Policy is published and is available on our US website.

Item 18: Financial Information

Marcellus is not required to disclose any financial information pursuant to this Item due to the following:

- Marcellus does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance;
- Marcellus does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- Marcellus has not been the subject of a bankruptcy petition at any time during the past ten years.