

FIRM BROCHURE

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THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF MERITAGE CAPITAL, LLC. IF YOU HAVE ANY QUESTIONS ABOUT THE INFORMATION CONTAINED IN THIS BROCHURE, PLEASE CONTACT US AT 410-537-5400, OR BY EMAIL AT COMPLIANCEGROUP@BROWNADVISORY.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.

THIS BROCHURE DOES NOT CONSTITUTE AN OFFER, SOLICITATION OR RECOMMENDATION TO SELL OR AN OFFER TO BUY ANY SECURITIES, INVESTMENT PRODUCTS OR INVESTMENT ADVISORY SERVICES.

ADDITIONAL INFORMATION ABOUT MERITAGE CAPITAL, LLC ALSO IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

March 30, 2021

Item 2: Material Changes

This Item 2 discusses material changes that are made to this brochure since the last update of our Brochure dated March 30, 2020. There have been no material changes from the last update to the Brochure.

The information set forth in this brochure is qualified in its entirety by the applicable offering materials and/or governing or account documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable governing, account and/or offering documents, such documents will control.

Clients may request a copy of the Form ADV Part 2A at any time without charge by sending a written request to our Chief Compliance Officer by email at compliancegroup@brownadvisory.com.

We encourage all clients and investors to carefully review this document in its entirety.

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Item 4: Advisory Business

FIRM DESCRIPTION

Meritage Capital, LLC (“we,” “us,” “our” or “Meritage”) was founded in 2003 and is a Delaware limited liability company and private investment advisory firm located in Austin, Texas. Meritage is a wholly-owned subsidiary of Brown Advisory Management LLC. The managing member of Brown Advisory Management is Brown Advisory Incorporated. Meritage is an affiliate of Brown Advisory LLC (collectively, and together with each of their affiliates, “Brown Advisory”). Additional information about Brown Advisory LLC is available on the SEC’s website at www.adviserinfo.sec.gov.

Our advisory services primarily relate to the construction of portfolios consisting predominately of private pooled investment vehicles and separately managed accounts operated and/or managed by third party investment managers (“underlying managers”). We provide investment advisory services to clients through several different investment products, including clients seeking customized portfolio solutions through separately managed accounts (“SMAs”), private pooled investment vehicles (each, a “Fund” and collectively, the “Funds”), and we serve as a sub-adviser to an investment company registered under the Investment Company Act of 1940, as amended (the “Registered Fund” and, together with the SMAs and the Funds, “client(s)”).

Our investment advice is provided in accordance with and subject to the investment objectives, strategies, guidelines, restrictions and limitations contained in the applicable offering, governing and/or account documents, and the information in this brochure is qualified in its entirety by the information set forth in such documents. For our non-discretionary relationships, we provide investment recommendations to clients, who are responsible for determining whether to implement such recommendations. Where we have investment discretion, we are responsible for implementing investments and typically are responsible for evaluating and monitoring investments and providing day-to-day managerial and administrative services to our clients, as more fully described and/or contemplated in the applicable offering and/or account documents.

TYPES OF ADVISORY SERVICES

SMAs

We provide and may in the future provide investment advisory and sub-advisory services on a discretionary or non-discretionary basis to SMAs of various types of advisory clients, including, but not limited to, charitable organizations, corporations and other business organizations, primarily with respect to the construction of portfolios of underlying managers. SMAs are managed in accordance with the terms, conditions, guidelines and limitations set forth in the investment management agreement or sub-advisory agreement between us and each advisory client.

Funds

We provide and may in the future provide investment advisory services with respect to Funds which are either U.S. domiciled limited partnerships generally available to taxable U.S. investors or Cayman Islands exempt companies generally available to non-U.S. investors and U.S. non-taxable investors. Each Fund pursues one of Meritage’s investment strategies which are described in detail below, primarily through investments in underlying managers. Each Fund has different investment features which may include varying levels of management and performance fees, investment objectives and guidelines, investment minimums, investor qualification

standards, and liquidity terms. The Funds offer a combination of risk-adjusted return profiles, diversification, and cost-effectiveness for many investors including those who may not otherwise be able to access the underlying funds directly. Certain Funds invest in investment vehicles managed by Meritage or its affiliates.

Registered Fund

We currently provide sub-advisory services to a Registered Fund. The Registered Fund invests in other underlying managers. The Registered Fund may access managers by utilizing structured investment products.

CUSTOM PORTFOLIOS

Meritage also offers customized strategies as part of its SMA offerings. Custom portfolios may combine a number of the investment strategies detailed above. For our custom portfolio solutions, we build portfolios that seek to assist clients in achieving their risk-to-reward objectives and in accessing the broadest range of hedge fund strategies and managers. We provide comprehensive research, portfolio construction, operational due diligence, monitoring and reporting to assist clients in achieving their overall portfolio objectives for the long-term.

INVESTMENT RESTRICTIONS

SMAs

We provide and tailor our investment advice based on the investment guidelines, objectives, restrictions, financial circumstances and risk tolerance of each SMA client, which are typically set forth in the applicable governing documents. Subject to our approval, advisory clients generally may impose reasonable restrictions and limitations on the management of their SMA

s.

Funds

We provide investment advice to each Fund in accordance with the investment objectives, policies and guidelines set forth in the applicable offering and governing documents, and not in accordance with the individual needs or objectives of any particular investor in that Fund. Investors generally are not permitted to impose restrictions or limitations on the management of the Funds. Notwithstanding the foregoing, the general partner of a Fund may enter into side letter agreements with one or more investors in that Fund that alter, modify or change the terms of the interests held by those investors.

Registered Fund

We serve as a sub-adviser and provide investment advice to a Registered Fund in accordance with the investment objectives, policies and guidelines set forth in the applicable prospectus, and not in accordance with the individual needs or objectives of any particular investor in that Registered Fund.

ASSETS UNDER MANAGEMENT

As of December 31, 2020, we had approximately \$1,136,906,380 in regulatory assets under management (“RAUM”). Approximately \$107,366,584 of those assets were managed on a discretionary basis, and approximately \$1,029,539,796 of those assets were managed on a non-discretionary basis.

Item 5: Fees and Compensation

FEE SCHEDULE

In consideration of our advisory services, we generally are entitled to receive management fees and/or performance-based fees or allocations with respect to each client. The fees and expenses applicable to each client are set forth in detail in its offering memorandum or investment management agreement. A summary of our advisory fees is set forth below. We may launch or manage other funds or accounts with higher or lower fees and/or different compensation structures. Different client facts and circumstances, including the client's investment strategy, liquidity profile and prevailing market terms, will be considered in determining applicable fees.

Funds

We generally are entitled to receive from the Fund an annualized management fee of up to 1.5% of the asset value of the Fund as of the end of the applicable period, depending on the nature and level of advisory services we provide.

In addition, we generally are entitled to receive a performance allocation/fee up to ten percent (10%) of each investor's allocable share of net profits for the applicable performance period. Performance allocations/fees are subject to a "high water mark" limitation and for certain Funds are also subject to a hurdle rate.

SMA's

With respect to SMA's, fee arrangements are negotiated prior to our engagement and, as a result, the applicable fees with respect to each SMA may vary. Nevertheless, we typically receive an annual management fee of up to 1.5% of the asset value of the SMA as of the last business day of the applicable period, depending on the nature and level of advisory services we provide.

In addition, with respect to certain SMA clients we are entitled to receive an annual performance fee equal to a percentage of a SMA's net profits as of the end of each applicable year (or other performance period), subject to the terms and conditions set forth in the applicable investment management agreement or sub-advisory agreement.

Notwithstanding the foregoing, we have entered into, and may enter into in the future, fixed fee arrangements with certain SMA clients.

Registered Fund

The fees and expenses for the Registered Fund we act as sub-adviser to are set forth in the corresponding prospectus for the fund.

PAYMENT OF FEES

Funds

The Funds are generally subject to both a management fee and a performance allocation/fee as applicable. Management fees are payable by investors quarterly or monthly, in arrears, as of the last business day of each calendar quarter or month, as applicable. Management fees are deducted directly from the Fund. Performance allocations/fees are generally calculated and allocated as of the end of each fiscal year (and at such other times as set forth in the applicable governing documents). With respect to certain illiquid assets or securities ("Designated Investments"), performance allocations/fees are calculated and allocated as of the end of each

fiscal period in which a “recognition event,” as such term is defined in the governing documents, relating to such Designated Investment occurs. Performance allocation/fees are allocated directly from the account of each applicable investor. If an investor makes a withdrawal or redemption prior to the end of its applicable lock-up period, such investor may be subject to an early withdrawal charge. We receive a prorated portion of the management fee and performance allocation/fee with respect to any partial period. Any prepaid but unearned fees will be refunded.

We reserve the right to apply a different management fee and/or performance compensation to different investors and to waive any management fee and/or performance compensation in whole or in part for particular investors in our discretion.

SMAs

Management fees generally will be calculated monthly or quarterly in arrears based upon the asset value of the SMA as of the last business day of such period. Performance fees, if applicable, generally will be calculated as of the end of each calendar year (and at such other times as set forth in the investment management agreement or sub-advisory agreement). Generally, we invoice SMA clients on a periodic basis for such fees but SMA clients may authorize and direct us to deduct fees directly from their custodial accounts (in which case such SMA clients will be responsible for paying management fees directly to us). We receive a prorated portion of the management fee and performance allocation/fee with respect to any partial period. Any prepaid but unearned fees will be refunded.

Registered Fund

The payment of fees for the Registered Fund that we act as a sub-adviser to is set forth in the corresponding prospectus for the fund.

OTHER FEES AND EXPENSES

In addition to the fees set forth above, clients generally bear all fees, costs and expenses associated with their investments, including the types of fees, costs and expenses set forth below. If any fees, costs and/or expenses are incurred jointly for the account of a client and one or more other clients, such fees, costs and/or expenses generally will be allocated among the applicable clients in proportion to the size of the investment made by such clients in the activity or entity to which the expense relates or in such other manner as we determine to be fair and equitable. We or an affiliate may from time to time elect to bear certain costs and expenses. The fees and expenses applicable to each client are set forth in detail in its offering memorandum or investment management agreement.

Underlying Manager Fees

In addition to our fees, each underlying manager generally imposes management fees and also may impose performance-based fees or allocations based upon realized and unrealized appreciation in the value of the assets managed by that underlying manager. These fees generally will be borne, directly or indirectly, by our clients and investors in the Funds.

Underlying Fund or Underlying Manager Expenses

Clients generally bear, directly or indirectly through their investment in each underlying fund or other investment vehicle (as applicable), their *pro rata* share of the offering, organizational and operating expenses of such underlying fund or other investment vehicle, and expenses related to the investment of such assets, such as brokerage commissions (including soft dollar payments),

expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees, interest expenses, borrowing costs and extraordinary expenses. Where a client invests in an investment vehicle managed by Meritage or an affiliate, Meritage will generally waive or rebate all or a portion of any management fee or performance-based compensation payable to Meritage or its affiliates, either at the level of the applicable client or the underlying affiliated investment vehicle. Notwithstanding the foregoing, a client will pay its pro rata share of the expenses of any underlying affiliated investment vehicle in which the client invests.

Brokerage, Custodial and Administration Fees and Expenses

In addition to the advisory fees paid to Meritage and the fee and expenses of the underlying managers, clients may be subject to various costs and expenses in connection with the conduct of the business of the client's account, including, but not limited to, organizational, custodial, brokerage, audit, line of credit, legal, risk management, consulting, third party administration, research related fees and expenses and fees, expenses, commissions and other costs associated with investing in a TRS. **See Item 12 below.**

Fund Expenses

Each client (including the Funds) generally bears its own organizational, offering and operating expenses.

Sales Charges

As described in Item 14 below, investors may be required to pay certain "sales charges" to third-party placement agents or solicitors in connection with their investment in the Funds. **See Item 14 below.**

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

PERFORMANCE-BASED FEES

As noted under Item 5 above, we may be entitled to receive performance-based allocations or fees with respect to certain of our clients. In addition, certain of the underlying funds in which our clients invest may charge performance-based allocations or fees. Performance-based fees and/or allocations could motivate us and/or the underlying managers, as applicable, to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. In addition, because many performance-based fees or allocations are calculated on a basis that includes both realized and unrealized appreciation in portfolios based upon values assigned by us and/or underlying managers, we and underlying managers face a conflict of interest in valuing such portfolios. Our individual employees and affiliates (and employees and affiliates of underlying managers) who are compensated to some extent based upon trading profits for which they are responsible face the same potential conflict. We attempt to address this conflict through our trade allocation procedures and disclosure in applicable offering documents and/or this brochure.

SIDE-BY-SIDE MANAGEMENT

We provide investment advisory services to clients that invest in similar or different investment strategies. In managing multiple clients, Meritage may determine that an investment opportunity is appropriate for a particular client but not for another. In addition, we are entitled to receive performance-based allocations or fees alongside clients for which we are not entitled to receive any performance-based allocations or fees. This side-by-side management could motivate us to favor accounts for which we or our affiliates receive performance-based allocations or fees over other accounts for which such fees are not payable in allocating investment opportunities or making investment recommendations. We attempt to address this conflict primarily through our trade allocation procedures and disclosure in this brochure. This side-by-side management risk also presents itself at the level of the underlying managers.

See Item 12 below for additional information on our trade allocation practices.

Item 7: Types of Clients

TYPES OF ADVISORY CLIENTS

We currently provide investment advisory and/or sub-advisory services, on a discretionary or non-discretionary basis, with respect to the Funds, SMAs, and act as a sub-adviser to a Registered Fund. We may in the future provide investment advice to other clients including, but not limited to, other pooled investment vehicles and other types of SMA clients.

ACCOUNT REQUIREMENTS

Funds

The minimum initial capital contribution generally required for an investor in the each of the Funds is described in the Fund's offering documents.

To invest in the Funds, investors generally must be, among other things, "accredited investors" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act of 1933, as amended, and either "qualified clients" as such term is defined in Rule 205-3 under the Advisers Act, or "qualified purchasers" as such term is defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the "Company Act"). For certain Funds, the investors must also be "qualified eligible persons" under Regulation 4.7 of the Commodity Exchange Act of 1936, as amended.

SMAs

SMA clients are required to sign investment management agreements that, among other things, set forth the nature and scope of our investment management authority and the investment objectives, guidelines and restrictions applicable to the management of the SMA. In addition, SMA clients generally must meet certain net worth, net asset and/or other eligibility requirements imposed by applicable securities and commodities laws. Meritage generally does not impose a minimum account size for SMAs.

Registered Fund

Meritage serves as sub-adviser to a closed-end fund available for U.S. taxable and non-taxable investors registered as an investment company with the SEC.

The Registered Fund may be available to the public at large or a more restricted group of investors that are eligible to invest in privately offered securities. Minimum investment requirements are set forth in the applicable prospectus.

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

METHODS OF ANALYSIS

Our advisory services primarily relate to the construction of portfolios consisting predominately of underlying managers, which we select through disciplined “top-down” and “bottom-up” analyses. We perform both quantitative and qualitative analysis to evaluate if a prospective manager is a candidate for investment. Qualitative analysis of a manager may include but is not limited to: investment style/strategy, longevity and assets of the manager, background of the principals of the manager, assets under management, fund fees and expense/management fees, minimum subscription/investment size, redemption terms, portfolio turnover, use of a portfolio/trading model, key business risks and manager investor base. Quantitative analysis of a manager may include but is not limited to: risk/metrics/statistics, historical risk/adjusted returns, correlation to other managers; overall strategy and market exposure, performance in up and down markets, use of leverage and number of positions with the manager. We may use Castle Hall Alternatives, a third party, to perform an operational due diligence review independent of our process. Where we have investment discretion, we are responsible for implementing investments. For our non-discretionary relationships, we provide investment recommendations to clients, who are responsible for determining whether to implement such recommendations. All of our advisory services leverage the analysis process described above, to the extent applicable, whether provided on a discretionary or non-discretionary basis.

After selecting an underlying manager, we monitor (i) existing performance of underlying managers of the underlying funds and accounts and (ii) portfolio composition of underlying funds and accounts, which is limited by the degree of transparency granted to us by each underlying manager. Some underlying managers may provide weekly estimated performance and asset data, while other managers may provide portfolio composition and performance data on a monthly basis. We reconcile qualitative information through ongoing discussions with managers to actual portfolio performance and construction to check for style drift. We assess a manager’s discussed strategy with actual asset allocation, geographic location, leverage employed and risk exposure. As part of our due diligence process, we may perform on-site visits to review manager activities. We generally apply this underlying investment approach with respect to each of our clients.

We have organized an investment committee (the “Investment Committee”) that is responsible for the approval of asset allocation by strategy and the selection of underlying managers. The Investment Committee reviews various portfolio and underlying manager analyses in order to evaluate performance, return correlation, risk management and liquidity. The current voting members of the Investment Committee are Alex C. Smith, Joe S. Wade and Glenn K. Stotts.

INVESTMENT STRATEGIES

Meritage generally offers its investment services through the investment strategies described below.

Long/Short Equity	Within the hedge fund industry, long/short equity is the oldest and most prevalent strategy. We are attracted to the fundamental building blocks of this strategy with the belief that strong security selection, both long and short, leads to superior performance with limited directional market risk.
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Absolute Return	We seek to build a diversified portfolio capable of generating consistent returns across a broad range of market environments. We are focused on delivering risk-adjusted returns with moderate volatility and correlation to traditional markets. We generally allocate to four sub-strategies – hedged equity, event-driven, relative value, and global macro. Based on our experience and judgment, we focus on optimal, long-term allocation among these strategies to maximize portfolio diversification.
Global Macro	Utilizing both a top-down and bottom-up approach, we seek to allocate around half of the strategy to discretionary, fundamental managers who are able to adapt quickly to changing market environments. These managers exhibit similar return objectives, but historically have provided more consistency of returns, while lessening volatility and drawdowns. Additionally, we search for relatively undiscovered or “niche” managers (“focused managers”). By constructing a portfolio that allocates to these focused managers while also tilting to discretionary, fundamental strategies, we position the strategy to produce quality risk-adjusted returns over the long-term.
Opportunistic	We believe there remains a need in the marketplace for patient capital in a range of intermediate-term (2-5 year) opportunities and we set out to capitalize on market dislocation and to provide investors access to these resulting investment opportunities. Hedge fund investors demand greater portfolio liquidity, while private equity investors seek longer-term investments that generally involve ten year or longer capital commitments. This hybrid strategy seeks to exploit areas of less competition from these investors as well as traditional market participants, resulting in increased opportunities.

Each investment strategy seeks diversification of risk through use of a multi-manager investment philosophy. Within the broad investment strategies described above, Meritage categorizes its managers into additional underlying investment strategies. A Fund or SMA may utilize the strategies described above or other investment strategies in combination or separately. Meritage’s determination of a manager’s strategy may change over time and may differ from how others categorize the underlying manager’s strategy. Meritage may create new strategies and may change or rename any of the strategies below at any time.

Underlying Manager Strategies and Direct Trading

The underlying managers also may be involved in a variety of strategies, including but not limited to: long/short equity, credit related, distressed investing, managed futures, commodities, arbitrage, relative value, short-biased, long only or long-biased, quantitative, volatility, global macro and fixed income. Underlying managers may invest through both long and short positions in an unlimited range of securities, other financial instruments, private investments and other assets throughout the world including, without limitation, equity, master limited partnerships, private equity, debt, bonds and other fixed-income securities, loans and loan participations, asset-

backed securities, currencies, commodities, futures, forward contracts, warrants, options, swaps and other derivative instruments. Underlying managers also may employ leverage and engage in various hedging strategies. In addition, where we have investment discretion, we may in limited circumstances cause a client to invest directly in securities, financial instruments and other assets, including swaps, futures, options and other over-the-counter derivatives as direct overlays to the portfolio, in an effort to enhance the overall risk/return profile of a Fund or SMA.

The investment strategies set forth above are not intended to be comprehensive of the managers' trading strategies.

CERTAIN RISK FACTORS

There can be no assurance that clients or investors will achieve their investment objectives or that investments will be successful. Our investment strategies involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that our investment strategies are low risk or risk free. Our investment strategies are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. The various risks outlined below are not the only risks associated with our investment strategies and processes and may not necessarily apply to each client or investor. With respect to the Funds, the following risks are qualified in their entirety by the risks set forth in the applicable offering documents.

General Market Developments. Investment success is affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates and economic uncertainty. These and other factors may affect the level and volatility of securities prices and the liquidity of our clients' and the underlying funds' investments. Volatility or illiquidity could impair our profitability or result in losses. Unpredictable or unstable market conditions may also result in reduced opportunities to find suitable investments to deploy capital or make it more difficult to exit and realize value from our clients' and the underlying funds' investments. There can be no assurance that general market developments in the future will not have a material adverse effect on us. It is important to understand that our clients could incur material losses even if we react quickly to difficult market conditions.

Potential for Fraud. Although we conduct due diligence investigations on underlying managers, underlying managers may engage in fraud. Recent discoveries of fraud in the banking and financial services industry highlight the seriousness of this issue. The scope and long-term nature of such fraud is a testament to how difficult fraud is to detect and prevent. There can be no assurance we will be able to detect or prevent all types of fraud by underlying managers and other persons.

Multiple Levels of Fees and Expenses. As with most fund of funds investments, both we and the underlying funds and accounts impose management fees and other administrative fees and expenses. We impose, and the underlying funds may also impose, performance-based allocations or fees. These multiple levels of fees and expenses result in greater expense and less return on investment than if such fees and expenses were not charged. The multiple levels of expense reduce our overall profitability. Where a client invests in an investment vehicle managed by Meritage or an affiliate, Meritage will generally waive or rebate all or a portion of any management fee or performance-based compensation payable to Meritage or its affiliates, either at the level of the applicable client or the underlying affiliated investment vehicle. Notwithstanding the foregoing, a client will pay its pro rata share of the expenses of any

underlying affiliated investment vehicle in which the client invests.

Valuation Risks. Where we are responsible for valuing client assets, we generally rely on the valuations of underlying investments provided by underlying managers, custodians and other third-parties. We generally will not have sufficient information in order to be able to confirm or review the accuracy of valuations provided by underlying managers and other third-parties. Furthermore, valuations received from underlying managers and other third-parties may be estimates only, and such valuations generally will be used to calculate the net asset value and management fee accruals (to the extent applicable) in respect of client accounts to the extent that current audited information is not available. Such valuations may be subject to later adjustment based on valuation information available at that time, including, without limitation, as a result of year-end audit adjustments.

We generally expect to rely on the valuation information most recently provided by an underlying manager to us and any other factors deemed relevant by us at the time of such valuation (except to the extent we know or reasonably believe that such valuations are materially inaccurate). Such determination may be materially inaccurate, including because the information available to us was insufficient, inaccurate or out of date. It is not expected that we will make adjustments to correct such determinations to reflect information that becomes available to us at a later date, although we may make such adjustments in our sole discretion.

Where Meritage is responsible for valuing client assets, Meritage has a conflict of interest as its management fee and/or performance-based compensation will be based upon such valuation.

Investment Risks in General. All investments risk the loss of capital. No guarantee or representation is made that our investment program will be successful. Certain investment techniques utilized by us and the underlying managers will, in certain circumstances, maximize the impact of adverse market moves to which we and the underlying managers are or will be subject. The performance of any particular investment is subject to numerous factors which are neither within the control of, nor predictable by, us or the underlying managers. Such factors include a wide range of economic, political, competitive and other conditions that may affect investments in general or specific industries or companies. As a result of the nature of investment activities, it is possible our financial performance (including net asset values) may fluctuate substantially from period to period. Clients could lose a substantial portion or all of their investment.

A client's profitability will depend substantially upon (i) our ability to identify and select successful underlying managers and (ii) our and the underlying managers' ability to correctly assess future price movements of securities and the potential for new investments. We cannot guarantee that we will be successful in selecting profitable and successful underlying managers or that we and/or the underlying managers will be successful in accurately predicting the value of potential investments.

Unlimited Range of Potential Investments. The investment activities of Meritage and the underlying will not be limited to the strategies or types of strategies described in the applicable offering documents or this brochure. This unlimited range of potential investments may include substantial investments in strategies not previously pursued by Meritage or the underlying managers and with which such persons have limited experience. New strategies, assets and markets are likely to involve material and as-yet unanticipated risks. There can be no assurance that any of the investment strategies pursued by Meritage or the underlying managers will be

successful.

Portfolio Concentration. Some underlying managers may have overlapping strategies or portfolios and thus could accumulate large positions in the same or related instruments at the same time. In many cases, however, we may not be given access to information regarding the actual investments made by the underlying managers in which a client invests or with respect to which a client allocates capital as such information is considered proprietary by the applicable underlying managers. As a result, we ordinarily will be unable to ascertain the degree of a client portfolio's overall hedged or directional positions, or the extent of concentration risk or exposure to specific markets or strategies. Even if we were able to ascertain these matters, our ability to mitigate the associated risks would depend on our ability to reallocate capital among existing or new underlying managers. This might not be feasible for an extended period of time, until withdrawals and contributions are permitted by the relevant underlying managers.

Because each underlying manager will trade independently of the others, the trading losses of some underlying managers could offset trading profits achieved by the profitable underlying managers. Different underlying managers might compete for the same investment positions. Conversely, some underlying managers may take offsetting positions which would result in transaction costs for a client without the possibility of profits.

Equity Risks. Clients, directly or through underlying managers, may invest in equity and equity derivative securities. The value of these securities generally varies with the performance of the issuer and movements in the equity markets generally and for specific sectors. As a result, our clients and the underlying managers may suffer losses if we or the underlying managers invest in equity securities of issuers whose performance falls below market or industry expectations or if equity markets generally or specific sectors decline and we and/or the underlying managers have not hedged against such a decline.

Distressed Securities. Clients, directly or through underlying managers, may invest in distressed securities. Investments in distressed securities involve acquiring securities of companies that are experiencing significant financial difficulties and of companies that are, or appear likely to become, bankrupt or involved in a debt restructuring or other major capital transaction. Consequently, there is a high degree of risk associated with these investments because such companies may never recover and the value of such investments may be lost.

Distressed Debt. Distressed securities strategies invest in, and may sell short, the securities of companies where the security's price has been, or is expected to be, affected by a distressed situation. Underlying Managers may invest in securities and private claims and obligations of entities that are experiencing significant financial or business difficulties. The investing Underlying Fund or Underlying Manager may lose all or a substantial portion of its investment in such distressed companies or may be required to accept cash or securities with a market value of less than the initial investment. One of the risks of investing in distressed entities is the difficulty of obtaining information as to the true condition of such issuers. Distressed company investments may also be adversely affected by state and federal laws relating to fraudulent conveyances, voidable preferences, lender liability and a court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to erratic changes and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than normally expected.

Risk Arbitrage. The difference between the price paid by us or the underlying funds for securities of a company involved in an announced deal and the anticipated value to be received for such securities upon consummation of the proposed transaction will often be very small. If the proposed transaction appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the target's securities will usually decline sharply, often by more than our or the underlying managers' anticipated profit.

Clients, directly or through underlying managers, may invest and trade in securities of companies that we or the underlying managers, as applicable, believe are undervalued in the sense that, although they are not the subject of an announced tender offer, merger or acquisition transaction, in our or the underlying funds' view the companies are potential candidates for such a transaction. In such a case, if the anticipated transaction does not in fact occur, such securities may be sold at a loss.

Competition. The markets in which we (directly or indirectly through underlying managers) participate and strategies in which we engage are extremely competitive. There can be no assurance that we and the underlying managers will be able to identify or successfully pursue attractive investment opportunities in this environment. We and the underlying managers compete with many firms that have substantially greater financial resources, more favorable financing arrangements, larger research staffs and more securities traders than are available to such persons.

Small and Mid-Capitalization Companies. Clients, directly or through underlying managers, may invest in securities of small and mid-capitalization companies, as well as securities traded only in the over the-counter markets. Although investments in these companies have the potential to produce significant returns, such investments generally involve a higher degree of risk than investments in larger companies due to the issuer's lack of financial resources, management experience, product diversification and competitive strength. These and other factors may, from time to time, result in operating and financial setbacks that may have a material adverse effect on a particular investment, which may in turn adversely affect clients.

Risks Inherent in International Investments. Clients, directly or through underlying managers, may invest in financial instruments of non-U.S. corporations and governments, including those in developing nations and emerging markets. Investing in the financial instruments of companies and governments outside of the United States involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. Government, including political and economic considerations, such as; greater risks of expropriation, nationalization and general social, political and economic instability, imposition of withholding and other taxes on dividends, interest, capital gains and other income, the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility, fluctuations in the rate of exchange between currencies and costs associated with currency conversion, and certain government policies that may restrict our and the underlying funds' investment opportunities or our and the underlying managers' ability to repatriate funds. Such considerations also apply to, and could increase the risks associated with, holding positions in custodian accounts located in or governed by the laws of other countries. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S.

Financial instruments traded on foreign exchanges and the foreign nationals or entities that trade these instruments are generally not subject to the jurisdiction of the SEC or CFTC or other securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to us and the underlying funds under such laws and regulations will be unavailable for transactions on foreign exchanges and with foreign counterparties.

Interest-Rate Risk. The value of the fixed-rate securities in which clients or the underlying managers may invest will generally have an inverse relationship with interest rates. Accordingly, if interest rates rise, the value of such securities generally will decline, which may in turn adversely affect a client's profitability.

Fixed Income Securities Risk. Underlying managers investing in bonds and other fixed income securities of issuers including, without limitation, bonds, notes, debentures or debt obligations issued by corporations, governments, supranational entities, partnerships and trusts; debt securities and commercial paper. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the underlying managers invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

Mortgage-Backed Securities. Mortgage-backed or asset-backed securities may be affected by, among other things, changes in interest rates, factors concerning the interests in and structure of the issuer or the originator of the mortgages, prepayment risk, the creditworthiness of the entities that provide any supporting letters of credit, surety bonds or other credit enhancements or the market's assessment of the quality of underlying assets. Transactions, as well as the risk that the structure of certain mortgage-backed securities may make their reaction to interest rates and other factors difficult to predict, making their prices very volatile.

Control Positions. Clients, directly or through underlying managers, may invest in control positions in companies. The exercise of control over a company imposes additional risks of liability for environmental damages, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored. If these liabilities were to occur, clients would likely suffer losses in their investments.

Structured Investments. A client may access underlying managers indirectly by purchasing structured notes linked to the performance of an underlying manager or by entering a swap or other contract paying a return equal to the total return of the underlying manager ("Structured Investments"). The value of Structured Investments will depend largely upon price movements in the underlying managers to which such Structured Investments are linked. Structured Investments expose a client to the additional risks associated with derivatives markets, including the risk of counterparty default and liquidity risks.

Collateralized Debt Options (CDO). A (CDO) is a derivative and type of structured asset-based security that receives its value from another asset. CDOs can be a collection of pooled assets

that generate income, such as mortgages, auto loans, or corporate bonds. The assets are pooled together and divided into tranches to be sold to investors. Each tranche can have a substantially different credit quality and risk level. The loans themselves are the "collateral" that backs the CDO. These packages of loans can then be sold to investors as income-producing assets. There are various risk factors that affect the performance of a CDO including interest rates, the rates of maturing, prepayment of the securities and the rates of recovery on the defaulted security. Most importantly, the price risk, which is the variation in the worth of the collateral resulting from the quality of the credit, the rates of interest and reinvestment risks, also affects the performance of any CDO.

Swap Risk. Swap agreements are subject to the risk that the counterparty to the swap will default on its obligation to pay a client and the risk that the client will not be able to meet its obligations to pay the counterparty to the swap. In addition, there is the risk that a swap may be terminated by the client or the counterparty in accordance with its terms. If a swap were to terminate, the client may be unable to implement its investment strategies and the client may not be able to seek to achieve its investment objective.

Short Sale Risks. Our investment program involves the use of short sales. In a short sale, securities are sold that have been borrowed from a third-party lender, typically a brokerage firm or other institution. When borrowing securities for short sales, Clients, directly or through underlying managers, will be required to pledge deposits of cash, or a combination of cash and securities, equal to or exceeding the market price of the securities borrowed. The amount of such deposits may increase or decrease to reflect the changes in the market value of the borrowed securities. The securities lender generally will have the right to demand the return of the borrowed securities at any time. Selling securities short without first determining that securities are available to borrow is generally a violation of applicable rules and regulations. A short-seller will profit only if it can "repay" the lender of the securities with securities it purchases at a lower price than it received in its short sale. Although short selling will permit Clients, directly or through underlying managers, to profit from declines in the price of securities, both clients and the underlying manager could experience losses if the borrowed securities could not be replaced by purchasing them in the market at a time when the market price has increased over the price received at the time of the short sale. Purchasing securities in the market to close out a short position can itself cause market prices to increase further. As a result, there will be potential for unlimited loss, unless a client and the underlying funds are adequately hedged against increases in market price.

Hedging Risks. Clients, directly or through underlying managers, may attempt to hedge portfolios by, among other things, taking long and short positions in related securities. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio's value. Such hedging transactions also may limit the opportunity for gain if the value of the portfolio position should increase. We or the underlying managers may elect not to hedge against certain risks, and risks may exist that are not identified or hedged effectively. Furthermore, we and the underlying funds may change hedging strategies at any time, in our and/or the underlying funds' sole discretion and without any notice to clients, as applicable, choosing for example not to hedge risks that we or the underlying funds have generally attempted to hedge in the past.

Even when we and/or the underlying funds do attempt to hedge against a particular risk, there can be no guaranty that the hedging strategy will be successful. The success of hedging transactions depends upon our or an underlying fund's ability to structure correctly our or the underlying fund's portfolio. Therefore, while we and/or the underlying funds may enter into hedging transactions to seek to reduce market risk, improper structuring of the portfolios may result in a poorer overall performance than if we and/or the underlying funds had not engaged in such transactions. In addition, the degree of correlation between price movements of the securities used in a hedging strategy may vary. Such imperfect correlation may prevent us and/or the underlying funds from achieving the intended hedge and expose us and the underlying funds to risk of loss.

Derivatives. Clients, directly or through underlying managers, may use derivative instruments, including (among others): convertible bonds, convertible preferred stock, options (including speculative positions such as buying and writing call options and put options on either a covered or an uncovered basis), futures, forward contracts, repurchase agreements, reverse repurchase agreements and many different types of swaps involving payments based on a wide range of risks. Clients, directly or through underlying managers, may use derivatives extensively. In many cases, derivatives provide the economic equivalent of leverage by magnifying the potential gain or loss from an investment in much the same way that incurring indebtedness would. Many derivatives provide exposure to potential gain or loss from a change in the market price of a financial instrument (or a basket or index) or other event or circumstance in a notional amount that greatly exceeds the amount of cash or assets required to establish or maintain the derivative contract. Accordingly, relatively small price movements in the underlying financial instruments or other events or circumstances may result in immediate and substantial losses. In some cases, exposure under a derivative contract will be limited to the amount invested (for example, when we or the underlying fund buy a call option). In other cases, the derivative contract will create an open-ended obligation (for example, when we or the underlying fund write a call option). Many derivatives, particularly those negotiated over-the-counter, are substantially illiquid or could become illiquid under certain market conditions. As a result, it may be difficult or impossible to determine the fair value of our interest in such contracts. Many derivative contracts involve exposure to the credit risk of the counterparty, because Clients, directly or through underlying managers, acquire no direct interest in the underlying financial instrument, but instead depend on the counterparty's ability to perform under the contract. Further, if and when Clients, directly or through underlying managers, take economic exposure through a derivative, the client and/or the underlying manager generally will not have any voting rights and may not be able to pursue legal remedies that would be available if invested directly in the underlying financial instrument.

Many derivatives also involve substantial legal risk and uncertainty, because the terms of the contract may be difficult to draft, apply, interpret and enforce, particularly in the context of unforeseen market conditions or events. In many cases, the counterparty has discretion (either pursuant to the express terms of the contract or in practice) to interpret the contract, make required calculations and demand or withhold payments in the manner most favorable to the counterparty and most unfavorable to us, our clients and the underlying manager. An adverse interpretation or calculation under one derivative contract could trigger cross-defaults with other contracts and could have a materially adverse effect on liquidity and performance. Any dispute concerning a derivative contract could be expensive and time consuming to resolve, particularly given the potential for complex and novel legal issues and the involvement of multiple legal jurisdictions.

Third-Party Commodity Trading Advisers. Certain of the funds' or managed accounts invest in instruments or securities with exposure to the commodities markets. Underlying Managers or Commodity Trading Advisors ("CTAs") pursue various commodities-related investment strategies. These CTAs may trade in commodity interests (including commodity futures contracts, options on futures and swaps should be considered speculative and involves substantial risk. Investing may subject the Fund or managed account to greater volatility than investments in traditional securities. Prices can be volatile, particularly over short time periods. Investments in individual commodity futures contracts and options on futures contracts historically have had a high degree of price variability and may be subject to rapid and substantial price changes. These price changes may be magnified by computer-driven algorithmic trading, which is becoming much more prevalent in the commodities markets. The fund or managed account could incur significant losses on investments in commodities interests.

The values of commodities which underlie the commodity futures contracts and other types of financial instruments in which the Fund and the CTAs invest generally are affected by, among other factors, the cost of producing commodities, changes in consumer demand for commodities, the hedging and trading strategies of producers and consumers of commodities, speculative trading in commodities by commodity pools and other market participants, disruptions in commodity supply, weather and climate conditions, changes in interest rates, rates of inflation, currency devaluations and revaluations, embargoes, tariffs, regulatory developments, governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies, political and other global events and global economic factors. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in certain markets and this intervention may cause these markets to move rapidly. Meritage and the CTAs generally have no control over the factors that affect the price of commodities or commodity interests. Accordingly, the value of investments could change substantially and in a rapid and unpredictable manner.

Risks Associated with Commodity Futures, Forwards and Related Instruments. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." These limits could prevent us and the underlying manager from promptly liquidating unfavorable positions and subject clients and the underlying manager to substantial losses or from entering into desired trades. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

The prices of commodities contracts and all derivative instruments, including futures and options prices, can be highly volatile. Price movements of forward, futures and other derivative contracts in which our clients' or the underlying manager's assets may be invested are influenced by, among other things; interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Clients, directly or

through underlying managers, will be subject to the risk of the failure of any of the exchanges on which our or the underlying managers' positions trade or of our or the underlying managers' clearinghouses.

Trading options on futures involves a high degree of risk. An option on a futures contract is a right to either buy or sell the underlying futures contract at a specific price. The risks of trading options on futures are similar to the risks of trading securities options. In addition, if the purchaser of an option on a futures contract exercises the option, the holder will, in effect, be buying or selling the underlying futures contract, and will then be subject to the same risks as are attendant to futures trading.

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements, and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which we or underlying managers would otherwise recommend, to our and the underlying managers' possible detriment. Market illiquidity or disruption could result in significant losses.

Illiquid Investments. Any otherwise liquid investment may become substantially illiquid in the future under certain market conditions, none of which are under our control. Other investments held by us may be subject to resale restrictions under applicable securities laws or applicable contracts. The markets for other financial instruments are inefficient or unreliable, and the spreads between bid and asked prices are too large to represent a true market. Any such investments may be difficult or impossible to sell or may be salable only at a substantial discount to their reported value. As a result, investments in illiquid financial instruments could have a material adverse effect on client performance.

Counterparty Risks. Clients, directly or through underlying managers, may enter into many transactions with third parties in which the failure or delay of the third party to perform its obligations under a contract with the client or an underlying manager could have a material adverse effect on the client. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of a counterparty's insolvency on clients. Investors should assume that the insolvency of any prime brokers or other counterparties would result in the loss of all or a substantial portion of assets held by such prime broker or counterparty.

Highly Volatile Markets. The prices of financial instruments in which clients and underlying managers may invest can be highly volatile. Price movements of the financial instruments in which a client's and underlying manager's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary

and exchange control programs and policies of governments, and national and international political and economic events and policies. Clients and underlying managers are subject to the risk of failure of any of the exchanges on which their positions trade or of their clearinghouses. In addition, governments from time to time intervene in certain markets, directly and by regulation, particularly in currencies, futures and options. Such intervention is often intended to directly influence prices and may, together with other factors, cause some or all of these markets to move rapidly in the same direction. The effect of such intervention is often heightened by a group of governments acting in concert.

Leverage Risks. The underlying managers may use substantial leverage in their investment programs and may borrow funds from brokers, banks, counterparties and other lenders to finance their trading operations. Such leverage may be achieved through, among other methods, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements, swaps and securities lending transactions. The use of leverage generally involves a high degree of risk. In order to secure its various financing arrangements, an underlying manager may grant guaranties and pledge or otherwise transfer to lenders any of its assets, including specific assets, pools of assets or interests in subsidiary entities. Investors in the underlying manager, such as our clients, are equity holders, and their rights are therefore junior to and generally subject to the satisfaction of the prior claims of all creditors.

The use of margin, derivatives and short-term borrowings may result in substantial interest and financing costs to the underlying managers and may create additional risks. If the value of an underlying manager's securities or derivatives positions falls below the margin or collateral levels required by a prime broker or other counterparty, additional margin or collateral deposits would be required. The failure to satisfy a margin or collateral call, or the occurrence of other material defaults under margin or other financing agreements, may trigger cross-defaults under the underlying manager's agreements with other brokers, lenders, clearing firms or counterparties, multiplying the adverse impact to the underlying fund. In addition, because the use of leverage will allow the underlying managers to control positions worth significantly more than their investments in those positions, the amount that the underlying managers may lose in the event of adverse price movements will be high in relation to the amount of their investments.

In the event of a sudden drop in the value of an underlying manager's assets, the underlying manager might not be able to liquidate assets quickly enough to satisfy its margin or collateral requirements or other contractual obligations. In that event, the underlying manager may become subject to claims of financial intermediaries that extended margin loans or other types of credit. Such claims could exceed the value of such assets of the underlying manager. The banks, dealers and other counterparties that provide financing to the underlying managers can apply essentially discretionary margin, haircut financing and collateral valuation policies. Changes by banks, dealers and other counterparties in any of the foregoing may result in large margin or collateral calls, loss of financing and forced liquidations of positions at disadvantageous prices. There can be no assurance that the underlying managers will be able to secure or maintain adequate financing, without which the underlying managers may not continue to be viable.

Certain clients may incur leverage through short term indebtedness for the following purposes: (i) satisfying permitted withdrawals, (ii) making distributions, (iii) paying operating expenses, or (iv) for such other purposes as we may, in our sole discretion, determine. Additionally, with

respect to certain clients, (i) we may incur indebtedness for the purchase or sale of securities (including the purchase or sale of securities on margin) and to pledge securities as collateral; (ii) subject to certain limitations, our general partner may advance monies to us for the purpose of covering our expenses; and (iii) we may borrow funds pursuant to any line of credit. As a result of the indebtedness described above, clients will be subject to the same risks related to the use of leverage as the underlying managers discussed above.

Trend Following. Some underlying managers may use computer pricing models to identify trending markets in relationship to an assumed norm. In addition, analyses of price and other fluctuations over time may be relied upon which utilize charts in order to discern and predict trends. Trading based on such analyses is subject to the risks that trades dictated by the analysis may not be executed in time to take advantage of the price disparities. This latter risk is likely to materialize when numerous market makers use similar analyses, all of which dictate the desirability of executing identical or similar contracts. In the past, there have been periods without identifiable trends and, presumably, such periods will continue to occur. Trading models or analyses that depend upon the forecasting of trends will not be profitable if there are not identifiable trends of the kind that the models or analyses seek to follow. Any factor which would make it more difficult to execute trades in accordance with the models or analyses signals, such as a significant lessening of liquidity in a particular market, would also be detrimental to profitability.

Below "Investment Grade" Securities. Some underlying managers may invest in bonds or other fixed income securities, including, "high yield" (and, therefore, high risk) debt securities. These securities may be below "investment grade" and are subject to uncertainties and exposure to adverse business, financial or market conditions which could lead to the issuer's inability to make timely interest and principal payments. The market values of these securities tend to be more sensitive to individual corporate developments and general economic conditions than do higher rated securities.

Replacement of Underlying Managers. We generally are not restricted in appointing or replacing underlying managers. Client investments with a particular underlying manager may be replaced for a variety of reasons, such as a more favorable investment opportunity or other circumstances bearing on the desirability of a continued position with such underlying manager. Replacement of underlying managers may involve greater fees, which will be borne directly by the applicable client.

Underlying Fund Manager Misconduct or Bad Judgment. Clients ordinarily will not have custody or control over the assets it allocates to underlying managers. As a result, it will be difficult, and likely impossible, for us to protect clients from the risk of fraud, misrepresentation or simple bad judgment by underlying managers. Among other things, an underlying manager could divert or abscond with the assets allocated to it, fail to follow its stated investment strategy and restrictions, issue false reports or engage in other misconduct. This could result in serious losses to clients.

Wide Investment Discretion. The governing documents of underlying funds and investment management agreements of separately managed accounts in which a client invests or allocates capital typically will not impose significant restrictions on the manner in which the underlying managers may invest and trade for, and often will permit the underlying managers to invest and trade in a broad range of financial instruments. As a result, the underlying managers may from

time to time modify their investment strategies in response to changing market conditions, in some cases without notice to us. Any such modification could involve changes in the types of instruments an underlying manager uses to implement its strategy, as well as changes in the markets in which such instruments trade. There can be no assurance that any such modification would be successful or not result in losses to the client.

Lack of Information Concerning Underlying Managers. We may not learn of significant underlying manager structural events, such as personnel changes, major asset withdrawals/redemptions or substantial capital growth, until after the fact.

Sole Principal Underlying Managers. Some of the underlying managers may consist of only one or a limited number of principals and key employees. If the services of any of such principals or employees became unavailable (for example, by reason of death, disability, severance or retirement), underlying managers, and thus our clients, could sustain losses.

Competition. Underlying managers may engage in investment and trading activities which are highly competitive with other investment and trading programs including those of mutual funds and other financial institutions, investment banks, broker/dealers, commercial banks, insurance companies and pension funds, as well as private investors, all of whom may have investment objectives similar to those of the underlying managers. These competitors may have substantially greater resources and substantially greater experience than the underlying managers.

New Managers. Some underlying managers may be new or relatively new ventures and have little or no operating history upon which their performance can be evaluated.

Risk of Litigation. Underlying managers might become involved in litigation as a result of investments made by underlying funds or separately managed accounts. Under such circumstances, such underlying fund or a client could be named as a defendant in a lawsuit or regulatory action.

Misuse of Confidential Information. In trading public securities, there are consequences for trading on insider information, and we expect that underlying managers will use only public information. Underlying managers may be charged with misuse of confidential information. If that were the case, the performance records of these underlying managers could be misleading. Furthermore, if an underlying manager or entity with which a client invests has engaged in the past or engages in the future in such misuse, the client could be exposed to losses.

Increase in Amount of Assets Under Management. We may invest client assets with underlying managers who are experiencing a major increase in the assets they manage. It is not known what effect, if any, an increase in the amount of assets under management will have on their trading strategies or investment results, but it could impair the ability of their strategies and operations to perform up to historical levels.

Other Clients of Underlying Managers. The underlying managers have responsibility for investing the funds allocated to them. The underlying managers also manage other accounts (including other accounts in which the managers may have an interest) and may have financial and other incentives to favor such accounts over accounts in which our clients invest. In investing on behalf of other clients, as well as our clients, underlying managers must allocate their resources, as well as limited market opportunities. Doing so not only could increase the level of competition for the same trades that otherwise might be made for our clients, including the priorities of order entry, but also could make it difficult or impossible to take or liquidate a

particular position at a price indicated by an underlying manager's strategy.

Cybersecurity Risk. Meritage, the underlying managers and their service providers may be prone to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting Meritage and its service providers may adversely impact clients. For instance, cyber-attacks may interfere with the processing of transactions relating to clients, cause the release of private information about clients, impede trading, subject Meritage to regulatory fines or financial losses, and cause reputational damage. Similar types of cybersecurity risks are also present for issuers of securities in which clients may invest, which could result in material adverse consequences for such issuers, and may cause a client's investment in such issuers to lose value.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS ASSOCIATED WITH OUR INVESTMENT PROGRAM. PROSPECTIVE CLIENTS AND INVESTORS SHOULD READ THIS BROCHURE AND ANY APPLICABLE OFFERING MATERIALS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to an evaluation of our advisory services or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

COMMODITY POOL OPERATOR AND COMMODITY TRADING ADVISOR REGISTRATION

We are registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator and are a member of the National Futures Association (“NFA”). Notwithstanding the foregoing, (i) we operate certain Funds as if we were exempt from registration with the CFTC as a commodity pool operator pursuant to the CFTC 12-38 no-action relief, and (ii) we are exempt from registration as a commodity trading advisor.

For our U.S. domiciled Funds, we typically serve as the general partner or managing member of such funds.

Meritage serves as a sub-adviser to the FSI Low Beta Absolute Return Fund, a statutory trust registered under the Company Act as a closed-end, management investment company.

Meritage and/or a client may enter into other distribution relationships with selling agents, such as a broker-dealer, for the solicitation of qualified investors for investment into a client. The distribution agreements generally require either Meritage or the client to pay a portion of the management fee to the distributor. The distributor may charge a separate asset-based distribution fee (i.e., sales load).

MERITAGE CAPITAL GP, LLC

Meritage Capital GP, LLC is a wholly-owned subsidiary of Meritage. This entity was formed to serve as the sole general partner for Kanaly private investment funds. Effective January 1, 2017, Meritage Capital GP, LLC became the sole general partner to Kanaly Energy Opportunity Fund, L.P., a Delaware limited partnership. Meritage Capital, LLC the filing investment adviser, is under common ownership and control and shares the same principal place of business as Meritage Capital GP, LLC.

OTHER ACTIVITIES AND AFFILIATIONS

Meritage is a wholly-owned subsidiary of Brown Advisory Management LLC (“BAM”). Brown Advisory Group Holdings LLC (“BAGH”), a Delaware limited liability company, serves as the parent company of Brown Advisory Incorporated (“BAI”) and BAM. BAI, which is organized as a Maryland corporation, serves as the manager of BAGH and the managing member of BAM. BAM, a Maryland limited liability company, is a holding company that serves as the parent company to several Brown Advisory subsidiaries.

We are also affiliated with various Brown Advisory entities through common ownership.

AFFILIATIONS WITH BROKER-DEALERS AND/OR OTHER INVESTMENT ADVISERS OR FINANCIAL PLANNERS

Meritage is an affiliate of Brown Advisory LLC (“BALLC”), a registered investment adviser with the SEC and a wholly-owned subsidiary of Brown Advisory Management LLC (“BAM”). Brown Advisory LLC serves as the investment adviser to affiliated mutual funds, Collective Investment Trusts, and Ireland-domiciled UCITS funds. Brown Advisory LLC also serves as the managing member of private funds that invest in public and private securities.

Brown Advisory LLC is also registered as a Municipal Advisor with the SEC and the Municipal Securities Rulemaking Board (“MSRB”) and is eligible to conduct registerable activities in

Ontario in reliance on the International Adviser Exemption.

We are affiliated with Brown Advisory Securities, LLC (“BAS”). BAS is a wholly-owned subsidiary of BAM and an SEC-registered investment adviser and broker-dealer. It is also a member firm of the Financial Industry Regulatory Authority (“FINRA”).

We are also affiliated with Brown Advisory Ltd., a UK-based investment adviser which is authorized and regulated by the UK Financial Conduct Authority (“FCA”). It is a wholly-owned subsidiary of BAM. Brown Advisory Ltd. is also an SEC-registered investment adviser.

Brown Advisory Investment Solutions Group LLC (“BAISG”) is an investment adviser and wholly-owned subsidiary of BAM, specializing in alternative investments and offering both discretionary and non-discretionary investment advice primarily to private investment funds, individuals and institutional separate accounts. BAISG is registered with the U.S. Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator and as a commodity trading advisor and has a membership with the National Futures Association in connection with such CFTC registration.

We are affiliated with Signature Financial Management, Inc., doing business as Brown Advisory (“Signature”), which is organized as a Virginia corporation. Signature is a registered investment adviser with the SEC and is a wholly-owned subsidiary of Brown Advisory Incorporated. Signature provides integrated wealth management services to high net worth individuals and their families, and to a small number of charitable trusts and foundations. Signature also serves as General Partner to several investment limited partnerships.

We are also affiliated through common ownership with NextGen Venture Partners LLC (“NextGen”) which acts as a relying adviser with respect to certain funds managed by BAISG. NextGen focuses on direct investing in early to mid-stage companies.

AFFILIATIONS WITH INVESTMENT COMPANIES OR OTHER POOLED INVESTMENT VEHICLES

Brown Advisory LLC has arrangements that are material to its advisory business with affiliated investment companies. It serves as the investment adviser to affiliated mutual funds, Collective Investment Trusts and Ireland-domiciled UCITS funds. It also serves as the managing member of private funds that invest in public and private securities.

Brown Advisory (Ireland) Limited is authorized by the Central Bank of Ireland to operate as a management company for the purposes of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations.

BALLC, BAISG, NextGen Venture Partners, LLC (“NextGen”) and Signature provide investment advisory services to private pooled investment vehicles.

AFFILIATIONS WITH BANKING OR THRIFT INSTITUTIONS

We are affiliated with Brown Investment Advisory & Trust Company (“BIATC”) and Brown Advisory Trust Company of Delaware, LLC (“BATCDE”).

BIATC is a Maryland non-depository trust company that is subject to regulatory oversight by the Office of the Commissioner of Financial Regulation of the State of Maryland. BIATC is a

wholly-owned subsidiary of BAI and bears certain administrative and operating expenses on behalf of its affiliates.

BATCDE is a Delaware limited-purpose trust company that is subject to regulatory oversight by the Office of the State Bank Commissioner of the State of Delaware. BATCDE is a wholly-owned subsidiary of BAM. BALLC provides investment management services to trust clients of BATCDE.

AFFILIATIONS WITH SPONSORS OR SYNDICATORS OF LIMITED PARTNERSHIPS

BALLC, BAISG, NextGen and Signature serve as the general partner, managing member, and/or investment manager of private vehicles and limited partnerships formed to facilitate investment opportunities for clients. These vehicles may invest in both public and private equity securities.

One of our affiliates maintains an ownership interest in Blueprint Local Investments LLC (“Blueprint Local Investments”). Blueprint Local Investments was founded as a platform to launch pooled investment vehicles intended to qualify as “qualified opportunity funds,” as defined under the U.S. Tax Cuts and Jobs Act of 2017. Blueprint Local Investments is exempt from registration with the SEC as an “Exempt Reporting Adviser”. Brown Advisory receives some financial benefit, including a share of the management fees and any carried interest that may accrue, as a result of this joint venture relationship.

We and our affiliates may solicit clients to invest in these vehicles. In addition we or an affiliate may receive management fees and carried interest allocations for investments made in these vehicles.

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

CODE OF ETHICS

We are committed to maintaining high standards of professional conduct and ethics in order to discharge our legal obligations to our clients, to protect our business reputation and to avoid even the appearance of impropriety in our investment activities on behalf of clients. While we strive to avoid conflicts, we are cognizant that conflicts will nevertheless arise, and it is our policy to fully and fairly disclose known material conflicts to our clients.

Our Code of Ethics details certain minimum expectations that we have for our employees. All personnel, regardless of role, are expected to conduct the firm's business in full compliance with both the letter and the spirit of the law and any other policies and procedures that may be applicable. On an annual basis, we require that each employee certify in writing that he or she has read, understands and complies with the policies and procedures of the Code of Ethics. Any violations regarding the Code of Ethics must be brought to the attention of the Chief Compliance Officer. If it is determined that an employee has violated the Code of Ethics, we will take such remedial action as is deemed appropriate. Sanctions will vary but may include censure, limitation or prohibition of personal trading, suspension or termination of employment.

We will provide a copy of our Code of Ethics to any client or prospective client upon request. Clients may request a copy by contacting us at the address, telephone number or email on the cover page of this document.

PERSONAL TRADING

Since we recognize that our employees should have an opportunity to develop investment programs for themselves and their families, our Code of Ethics does not prohibit personal trading by employees. As a result, we, our affiliates or related personnel may purchase or sell the same or similar securities for our own accounts that we purchase, sell or recommend for client accounts

Potential conflicts that could arise as a result include but are not limited to:

- Employees engage in unethical behavior.
- Personal trading of employees misuses material nonpublic information.
- Personal trading of employees is not supervised.
- Clients receive less favorable trading terms than our advisory employees.
- Abusive trading on the part of our advisory employees, including market timing.

While advisory personnel are permitted to trade within their own brokerage accounts, we have several policies and procedures in place designed to ensure that their personal trading does not violate our fiduciary obligations to clients, including any related mutual fund clients. Our Code of Ethics sets forth standards of conduct expected of employees and addresses conflicts that arise from personal trading by employees. It provides policies and procedures designed to ensure that employees conduct their personal securities transactions in a manner that complies with the securities laws, rules and regulations and that does not raise the appearance of impropriety. In addition, it sets forth controls designed to avoid actual or potential conflicts of interest between clients and our employees. Controls in place include blackout periods for certain employees, pre-clearance of employee trades, holdings disclosure and other trading restrictions.

ALLOCATION OF INVESTMENT OPPORTUNITIES

We generally allocate investment opportunities among clients in a manner we believe to be fair and equitable under the circumstances. If capacity in an underlying manager is limited and an allocation is under consideration for multiple clients, the voting members of the Investment Committee approve any allocations based upon an analysis of the optimum portfolio diversification at that time for each respective client and will document the basis of the evaluation and conclusion.

Although the above is generally applied, allocation of investment opportunities may be limited by the following factors, among others; objective of risk/return, diversification restrictions, availability of capital, minimum required investment amount, limits on position sizing, and restricted strategies. There may be instances when allocating investments among clients where some clients may participate in certain opportunities made available to Meritage while other clients may not. For example, certain clients may be prohibited from participating in certain opportunities due to applicable investment restrictions, compliance with applicable law and tax concerns or similar reasons. In addition, there may be instances where clients invested with the same underlying manager may be subject to different levels of fees charged by the underlying manager.

We may invest (indirectly through the underlying managers) in “new issues,” as defined in rules of FINRA. Any profits or losses from new issues will only be allocated to investors in accordance with applicable FINRA Rules.

CONFLICTS OF INTEREST

We may cause a client to enter into transactions and arrangements involving actual or potential conflicts of interest. Specifically, we may make investments in underlying funds or allocate assets to underlying managers (a) where we or our affiliates have economic or financial interests in such underlying funds, underlying managers and/or the general partners or managers thereof, or (b) from which we and/or our affiliates receive services and/or products. To the extent permitted by applicable law, we may invest or recommend investments in pooled investment vehicles, companies or other issuers that have been established and/or managed by us and/or our affiliates. If a client is an investor in another investment fund established or managed by us and/or our affiliates, we might have potentially conflicting division of loyalties and responsibilities regarding such client and such other investment fund, and certain other conflicts of interest would be inherent in the situation. A client may sell investments to us and/or our affiliates, and a client may purchase an investment from us and/or our affiliates. We may also cause a client to buy securities or other investments from, or sell securities or other investments to, one or more of our other clients.

We will review the foregoing and any other transactions involving actual or potential material conflicts of interest and take such steps as we deem necessary and/or appropriate to ensure that the terms thereof are fair and reasonable under the circumstances and, if required by applicable law or the applicable client governing documents, seek the consent of clients.

Item 12: Brokerage Practices

BROKERAGE SELECTION AND BEST EXECUTION

Given our structure and investment strategy, we generally will not have oversight or control over the selection of broker-dealers or other counterparties by underlying managers. In limited circumstances where we have authority to make direct investments or otherwise determine brokerage, we generally will have authority to determine the brokers, futures commission merchants and other counterparties to be used for client transactions and to negotiate commission rates and other monies paid by clients. We generally select broker-dealers and other counterparties on the basis of obtaining the best overall terms available or best net execution (*i.e.*, best price and execution of transactions), which we evaluate based on a variety of factors, including, among other things; the ability to achieve prompt and reliable executions at favorable prices, the operational efficiency with which transactions are effected, the financial strength, integrity and stability of the broker, the quality, comprehensiveness and frequency of available research and related services considered to be of value, the availability of certain investments, including underlying managers, on the broker's platform and the competitiveness of commission rates in comparison with other brokers satisfying our other selection criteria. Because commission rates in the United States as well as other jurisdictions are negotiable: selecting brokers on the basis of considerations, which are not limited to applicable commission rates, may at times result in higher transaction costs than would otherwise be obtainable.

We have adopted policies and procedures that we believe are reasonably designed to ensure that our clients achieve best execution and that brokers utilized have been selected based upon our clients' best interests.

SOFT DOLLAR PRACTICES

We do not use soft dollar items and have not entered into any soft dollar arrangements. With respect to investments in underlying funds and separately managed accounts, the underlying managers may use soft dollar items and/or enter into soft dollar arrangements with brokers whereby the underlying managers receive certain benefits from brokers for causing underlying funds or separately managed accounts to maintain accounts with such brokers. We have no control over any such arrangements.

BROKERAGE FOR CLIENT REFERRALS

In selecting or recommending brokers, we do not consider whether we or our related persons receive client or investor referrals from such brokers.

DIRECTED BROKERAGE

We also do not currently permit any of our clients to direct brokerage.

ORDER AGGREGATION

In general, we enter and execute separate orders for each client. However, we may aggregate the purchase and sale of securities in certain instances if we determine that such aggregation is in the best interests of the applicable clients.

Item 13: Review of Accounts

REVIEWS OF ACCOUNTS

The Investment Committee conducts quarterly reviews of client portfolios. We invest each client's assets in underlying managers and may in limited circumstances invest directly in financial instruments and structured products including swaps, futures, options and other derivatives. In monitoring the performance of the managers in a client's portfolio, we perform various levels of review and engage in regular communications with underlying managers. Among other items, we generally consider short and long-term rates of return, investment diversification, and risk allocations as part of our regular review. We may conduct additional or more frequent reviews based upon factors including, but not limited to, market developments and the activities of an underlying manager.

REPORTS TO INVESTORS/CLIENTS

Funds

We generally provide investors in each of the Funds with annual audited financial statements, monthly reports, and annual U.S. income tax information. The Fund's administrator also provides monthly capital account statements to investors. All such statements and reports are written.

SMA's

We or a third-party administrator generally provide SMA clients monthly statements containing holdings, transactions and pricing. The nature and frequency of regular reports to SMA clients are negotiated on a case-by-case basis with SMA clients. All such reports are or will be written. Custodians may also provide periodic statements and reports to SMA clients, pursuant to the terms of the custodial arrangements between each SMA client and its custodian(s). **Clients are urged to compare any statements they receive from us or our agents with the statements provided by their custodians.**

Registered Funds

Reporting for the Registered Fund is determined by the Registered Fund rather than Meritage.

Item 14: Client Referrals and Other Compensation

THIRD PARTY COMPENSATION

We currently do not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to our clients.

REFERRALS

We have entered into, and may from time to time enter into, referral or placement agent agreements (“Referral Agreements”) with third-parties, including third-party consultants, placement agents and others (“Solicitors”), whereby such Solicitors agree to solicit and refer prospective qualified investors in the Funds to us. Investors may be required to pay sales charges (“Sales Charges”) to Solicitors in connection with their investment in the Funds, which may take the form of (among other things) (i) subscription charges payable at the time of investment and/or (ii) annual servicing fees payable with respect to each year that the investor is invested in the Fund. The amount of such Sales Charges generally is determined by the applicable Solicitor; *provided* that the maximum subscription charge will be two percent (2%) of an investor’s subscription amount and the maximum annual servicing fee will be two percent (2%) per year. Any applicable Sales Charges will be fully disclosed to investors prior to their investment in a Fund. Sales Charges will result in additional costs being charged to applicable investors.

We may also agree to pay a percentage of our management fees and/or performance-based fees or allocations to a Solicitor with respect to each investor referred by such Solicitor. The payment of a portion of the management fees and/or performance-based fees or allocations to Solicitors will not increase the amount of fees charged to investors or otherwise result in additional costs being charged or allocated to investors.

Sale Charges and the placement fees described above could motivate Solicitors to favor investment recommendations for which the Solicitor receives such fees over investment recommendations for which such fees are not payable. In addition, because a Solicitor may receive fees for all periods during which an investor remains invested in a Fund, such Solicitor may have an incentive to recommend that investors remain invested in that Fund.

We may also compensate unaffiliated third-party broker-dealers that introduce us to Solicitors. Such compensation will not increase the management fees payable by investors in a Fund, and such broker-dealers will have no contact with investors.

Item 15: Custody

Funds

We have, or may be deemed to have, custody of each Fund's cash and securities. In accordance with Rule 206(4)-2 under the Advisers Act, each Fund's cash and securities (except for privately placed securities) are held with one or more qualified custodians. We may change the custodians at any time and from time to time without the consent of, or notice to, investors. We have engaged a nationally-recognized, independent public accounting firm to conduct an annual audit of each Fund, and audited financial statements (prepared in accordance with generally accepted accounting principles) are provided annually to investors. We attempt to provide such statements to investors within 180 days (or such other period set forth in the applicable governing documents or required by applicable law) after the end of each fiscal year, but there can be no assurance that we will be successful in this regard. Qualified custodians of the Funds do not provide account statements directly to investors in the Funds.

SMAs

We do not intend to have physical possession of the cash or securities in SMA's at any time. In general, all cash and securities owned by SMA clients will be held by one or more qualified custodians that are appointed by such clients pursuant to separate custody or other agreements. **Clients generally will receive account statements directly from their applicable custodians and they should carefully review those statements. We urge SMA clients to compare the account statements they receive from their qualified custodian(s) with any statements that they receive from us.**

If we have, or are deemed to have, custody of SMA cash and securities and not entitled to an exception, such cash and securities may (to the extent required by Rule 206(4)-2 under the Advisers Act) be verified by a surprise examination at least once each calendar year by an independent public accountant.

Registered Fund

The Registered Fund is subject to the requirements of the Company Act, which generally requires all assets to be held at the Registered Fund's custodian.

Item 16: Investment Discretion

Details of the relationship between Meritage and the client, as well as investment objectives, guidelines, and restrictions, are outlined in each client's respective offering materials, prospectus, or similar account opening documents.

Funds

We generally have discretionary power and authority over the types of financial instruments to be bought or sold, as well as the amount to be bought or sold on behalf of the Funds. We have authority to determine the broker-dealer, futures commission merchant or other counterparty to be used for client transactions and the negotiation of commission rates and other consideration to be paid by the Funds

SMA's

Depending on the terms and conditions of the applicable investment management agreements, we may have discretionary power and authority over the types of investments to be bought or sold, as well as the amount to be bought or sold, on behalf of the SMA's. We may also provide advisory services to SMA clients on a non-discretionary or limited discretionary basis. For our non-discretionary relationships, the client retains responsibility for determining whether to implement any investment recommendations.

Registered Fund

Our authority to trade securities will be subject to and may be limited by applicable laws.

Item 17: Voting Client Securities

Underlying managers generally are responsible for voting proxies with respect to securities owned by the underlying funds and/or held in the underlying accounts. Clients may obtain copies of our proxy voting policy, together with information regarding how we have voted past proxies, by contacting us.

Funds

Each of the Funds invests primarily in and indirectly through underlying funds and underlying accounts, and we generally are not responsible for voting the underlying investments held or maintained by the underlying funds and underlying accounts. Nevertheless, to the extent that we receive proxies, we have the authority to vote proxies on behalf of the Funds. Rule 206(4)-6 under the Advisers Act requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies and procedures. In accordance with such rule, we have adopted proxy voting policies and procedures in our compliance manual. In general, our policy is to vote proxy proposals, amendments, consents or resolutions relating to Fund securities, including interests in private investment funds, in a manner that serves the best interests of the Funds, as determined in our discretion, taking into account various factors. Subject to the foregoing sentence, our general policy is to vote proxies in accordance with company management (to the extent applicable). Investors generally may not direct or otherwise influence our vote with respect to any particular proxy solicitation. Investors may obtain copies of our proxy voting policy, together with information regarding how we have voted past proxies, by contacting us.

SMAs

We may accept authority to vote securities held by or on behalf of SMA clients. In the event that we do accept (or otherwise have) proxy voting authority on behalf of an SMA, we generally will vote proxy proposals, amendments, consents or resolutions relating to SMA securities, including interests in underlying funds, in accordance with the instructions of the applicable client. We will use commercially reasonable efforts to vote according to the client's request in these circumstances. In the absence of specific voting guidelines or instructions from the client, we will attempt to vote proxies in a manner that serves the best interests of the SMA and the applicable client, as determined in our discretion, taking into account various factors.

For SMA clients in respect of which we do not have authority to vote proxies, such clients should work with their custodians to ensure they receive proxies and other solicitations for securities held in their SMA. These SMA clients may contact us if they have questions on any particular solicitation.

Registered Fund

Closed-end Registered Funds invest primarily in underlying funds. As Sub-Adviser, our policy is to provide the Adviser with recommendations in accordance with our proxy voting policy.

Item 18: Financial Information

We do not have any financial commitment that impairs our ability to meet contractual and fiduciary commitments to our clients, nor have we been the subject of any bankruptcy proceeding.

Privacy Notice

We are committed to keeping the personal information collected from our potential, current and former investors confidential and secure. The proper handling of personal information is one of our highest priorities. We want to be sure that you know why we need to collect personal information from you. We also want to explain to you our commitment to protect the information you provide to us. We never sell your information to any outside parties.

Investor Information

We collect and keep only information that is necessary for us to evaluate your eligibility to invest in one or more of our funds and provide other activities in connection with your investment in the fund. We may collect non-public personal information:

- From you when you complete subscription documents, investment advisory agreements, data gathering forms or other forms. This includes information such as name, address, social security number, assets, income, net worth, copies of financial documents and other information deemed necessary to evaluate your eligibility to invest in one or more of our funds or as is required by law.
- As a result of transactions with us, our affiliates or others. This could include transactions completed with us or information received from outside vendors to complete transactions or to effect financial goals.

Sharing Information

We only share your non-public personal information with non-affiliated companies or individuals as permitted by law, such as your representative within our firm, affiliated securities firm, third party service providers and other product vendors, or to comply with legal or regulatory requirements. With your approval, we also may share information with your advisors, which can include your accountant and/or attorney. In the normal course of our business, we may disclose information we collect about you to unaffiliated companies or individuals that contract with us to perform servicing functions such as:

- Record keeping;
- Computer related services; and
- Good faith disclosure to regulators who have regulatory authority over the company.

Companies we hire to provide support services are not allowed to use your personal information for their own purposes and are contractually obligated to maintain strict confidentiality. We limit their use of your personal information to the performance of the specific service we have requested.

We do not provide your personally identifiable information to mailing list vendors or solicitors for any purpose.

When we provide personal information to a service provider, we require these providers to agree to safeguard your information, use the information only for the intended purpose and abide by applicable law.

Employee Access to Information

Only employees with a valid business reason have access to your personal information. These employees are educated on the importance of maintaining the confidentiality and security of this information. They are required to abide by our information handling practices.

Protection of Information

We maintain security standards to protect your information, whether written, spoken or electronic. We

update and test our systems to ensure the protection and integrity of information.

Maintaining Accurate Information

Our goal is to maintain accurate, up-to-date investor records in accordance with industry standards. When you or any other investor provides us with updated information, we will endeavor to update our records as soon as possible. We do not, however, have a duty to inquire as to changes in the information you provide to us.

E-Mail

Should you send us your questions and comments via e-mail, we will share your correspondence with those employees or agents most capable of addressing your questions and concerns. We will retain your communication until we have done our very best to provide you with a complete and satisfactory response. Ultimately, we will either discard your communication or archive it according to the requirements under applicable securities laws.

Please note that, unless we expressly advise you otherwise, Meritage's e-mail facilities do not provide a means for completely secure and private communications between Meritage and yourself. Although every attempt will be made to keep your information confidential, from a technical standpoint, there is still a risk. For that reason, please do not use e-mail to communicate information to us that you consider to be confidential. If you wish, you may contact us instead via telephone or by facsimile.

Disclosure of our Privacy Policy

We recognize and respect the privacy concerns of our potential, current and former investors. We are committed to safeguarding this information. As a member of the financial services industry, we are making this Notice of Privacy Policy available to you for informational purposes and will update and distribute it as required by law. It is also available to you upon request.

BROCHURE SUPPLEMENT

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ADDITIONAL INFORMATION ABOUT MERITAGE CAPITAL, LLC IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

March 2021

Alex C. Smith

Educational Background and Experience

Mr. Smith was born in 1959. Mr. Smith received a Bachelor of Science Business Administration degree in Economics from the University of Florida in 1981 and a Master's degree in international management from the Thunderbird School of Global Management. From 1991 to 1995, Mr. Smith was a manager and director in the treasury department at Dell Inc. From 1995 to 1998, he was Vice President and Treasurer at Dell Inc. From 1998 to 2001, Mr. Smith was a managing director at Dell Ventures. From 2001 to the present, Mr. Smith has been President of St. James's Park Holding, LLC. From 2003 to December 2012, he was Chief Executive Officer, Chief Investment Officer, Voting Investment Committee Member and partner at Meritage Capital, L.P. From April 2012 to December 31, 2012, Mr. Smith was a member of the Board and Investment Committee of Centennial Partners, LLC ("Centennial"). From January 1, 2013 to present, Mr. Smith is Senior Advisor and voting Investment Committee Member of Meritage Capital, LLC.

Mr. Smith serves on several boards including The University of Florida Investment Company's (UFICO) Board of Trustees and the Children's Medical Center Foundation of Central Texas. Mr. Smith previously served as the Chairman of the Children's Medical Center Foundation of Central Texas and continues to serve on the Board and as a member of the Finance Committee of the organization. Mr. Smith is also a member of the Dean's Business Advisory Council for University of Florida's Warrington College of Business Administration, and a member of the MBA Investment Fund Advisory Committee at the University of Texas.

Mr. Smith is a CFA® charterholder, which requires four (4) years of qualified investment work, adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct and passing scores on three (3) exams.

Disciplinary Information

Mr. Smith has not been involved in any legal or disciplinary events related to past or present investment clients.

Other Business Activities

Mr. Smith was registered with the Commodity Futures Trading Commission as an Associated Person and Principal of Meritage Capital, LLC and a member of the National Futures Association effective January 15, 2013.

Mr. Smith does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a broker-dealer or registered representative, and including distribution or service ("trail") fees from the sale of mutual funds.

Except as set forth above, Mr. Smith is not actively engaged in any other business occupation for compensation which provides a material source of his income or involves a material amount of his time.

Additional Compensation

No person who is not a client provides an economic benefit to Mr. Smith for providing advisory services.

Supervision

Meritage Capital, LLC has a continuing responsibility to supervise all persons who act on its behalf in order to detect and prevent violations of applicable securities laws. To fulfill this responsibility, Meritage Capital, LLC has implemented procedures and a system for applying such procedures as part of its compliance manual that it believes are reasonably designed to detect and prevent violations by supervised persons, including Mr. Smith.

BROCHURE SUPPLEMENT

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March 2021

Joseph S. Wade

Educational Background and Experience

Mr. Wade was born in 1952. Mr. Wade received his bachelor's degree in finance from the University of Alabama. He served as CIO of Centennial Partners, LLC ("Centennial") from July 2003 to December 31, 2012 and Chief Investment Officer and voting Investment Committee Member from August 2011 to December 31, 2012. From January 1, 2013 to present, Mr. Wade is Chief Investment Officer, voting Investment Committee Member of Meritage Capital, LLC.

Disciplinary Information

Mr. Wade has not been involved in any legal or disciplinary events related to past or present investment clients.

Other Business Activities

Mr. Wade became registered with the Commodity Futures Trading Commission as a Principal and Associated Person of Centennial and a member of the National Futures Association on June 20, 2000. He became listed with the Commodity Futures Trading Commission as a Principal of Meritage Capital, LLC on January 8, 2013 and registered as an Associated Person, Swaps Associated Person, and a member of the National Futures Association effective January 15, 2013.

In addition to his activities at Meritage Capital, LLC, Mr. Wade provides investment, planning, tax, and other advice to a family foundation and certain members of the foundation. Mr. Wade is not engaged in any other investment related business activities outside of Meritage Capital, LLC.

Mr. Wade does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a broker-dealer or registered representative, and including distribution or service ("trail") fees from the sale of mutual funds.

Mr. Wade is not actively engaged in any other business or occupation for compensation, which provides a substantial source of his income or involves a substantial amount of his time.

Additional Compensation

Mr. Wade is compensated for his advice to the family foundation discussed above. Mr. Wade does not receive any other additional economic benefits for providing advisory services.

Supervision

Meritage Capital, LLC has a continuing responsibility to supervise all persons who act on its behalf in order to detect and prevent violations of applicable securities laws. To fulfill this responsibility, Meritage Capital, LLC has implemented procedures and a system for applying such procedures as part of its compliance manual that it believes are reasonably designed to detect and prevent violations by supervised persons, including Mr. Wade.

BROCHURE SUPPLEMENT

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March 2021

Glenn K. Stotts

Educational Background and Experience

Mr. Stotts was born in 1973. Mr. Stotts received a Bachelor of Arts degree from Northwestern University in 1996. Mr. Stotts received a Master of Business Administration from the University of Texas at Austin in 2004. From 1996 to 2000, Mr. Stotts was a strategy analyst at Merrill Lynch & Co. From 2000 to 2002, he was a senior associate at Mainspring, Inc. From 2004 to 2006, Mr. Stotts was an associate at the University of Texas Investment Management Company. From 2006 to 2008 he was a Fund Director at Meritage Capital, L.P. prior to becoming a principal of Meritage Capital, L.P. From January 1, 2013 to present, Mr. Stotts is a Portfolio Manager and a voting Investment Committee Member at Meritage Capital, LLC.

Mr. Stotts also serves on the Investment Committee of the Austin Community Foundation.

Mr. Stotts is a Chartered Alternative Investment Analyst (“CAIA”), which requires passing scores on two (2) exams.

Disciplinary Information

Mr. Stotts has not been involved in any legal or disciplinary events related to past or present investment clients.

Other Business Activities

Mr. Stotts is not actively engaged in any other investment-related business or occupation outside of Meritage Capital, LLC. He is not registered and has no application pending to register, as a broker-dealer, registered representative of a broker-dealer, FCM, CPO, CTA or an associated person of an FCM, or CTA.

Mr. Stotts does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a broker-dealer or registered representative, and including distribution or service (“trail”) fees from the sale of mutual funds.

Mr. Stotts is not actively engaged in any other business or occupation for compensation, which provides a substantial source of his income or involves a substantial amount of his time.

Additional Compensation

No person who is not a client provides an economic benefit to Mr. Stotts for providing advisory services.

Supervision

Meritage Capital, LLC has a continuing responsibility to supervise all persons who act on its behalf in order to detect and prevent violations of applicable securities laws. To fulfill this responsibility, Meritage Capital, LLC has implemented procedures and a system for applying such procedures as part of its compliance manual that it believes are reasonably designed to detect and prevent violations by supervised persons, including Mr. Stotts.