

MERION INVESTMENT MANAGEMENT, LP
PART 2A OF FORM ADV: FIRM BROCHURE

Merion Investment Management, LP
280 King of Prussia Road
Radnor, Pennsylvania 19087

March 2014

This brochure provides information about the qualifications and business practices of Merion Investment Management, LP (“Merion” or the “Firm”). If you have any questions about the contents of this brochure, please contact Merion’s Chief Compliance Officer, Katherine Brewster, at (267)948-2504 or KB@MerionCap.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.

For “Registered Investment Advisers”: “Any reference to Merion as a registered investment adviser does not imply a certain level of skill or training.

Additional information about Merion also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Not Applicable.

Item 3: Table of Contents

	Page
ITEM 1: COVER PAGE.....	1
ITEM 2: MATERIAL CHANGES	2
ITEM 3: TABLE OF CONTENTS.....	3
ITEM 4: ADVISORY BUSINESS	4
ITEM 5: FEES AND COMPENSATION	6
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT....	8
ITEM 7: TYPES OF CLIENTS.....	8
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	8
ITEM 9: DISCIPLINARY INFORMATION.....	16
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS...	16
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	17
ITEM 12: BROKERAGE PRACTICES.....	18
ITEM 13: REVIEW OF ACCOUNTS	19
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION	20
ITEM 15: CUSTODY	21
ITEM 16: INVESTMENT DISCRETION	21
ITEM 17: VOTING CLIENT SECURITIES	21
ITEM 18: FINANCIAL INFORMATION	23
ITEM 19: REQUIREMENTS FOR STATE REGISTERED ADVISERS.....	23

Item 4: Advisory Business

Item 4.A.

Merion Investment Management LP (“**Merion**” or the “**Firm**”), a Delaware limited partnership, commenced its operations as an investment manager on October 1, 2009. Merion’s principal place of business is Radnor, Pennsylvania, with a secondary research office in New York, NY. Andrew L. Barroway is the principal owner of the Firm by way of his sole ownership of ALB MC Investments LLC, which is Merion’s majority Partner.

Item 4.B.

Merion is an investment management firm that provides advisory services on a discretionary basis to privately offered pooled investment vehicles, which are intended for investment by certain investors that are accredited investors and also must be qualified purchasers as defined in Section 2(a)(51) of the Investment Company Act of 1940 so as to comply with the exemption under Section 3(c)(7) of the Investment Company Act of 1940. MC Investment Management LLC, a Delaware limited liability company is the General Partner of Merion Investment Management LP. Merion’s clients are the following: Merion Capital Corporate Catalyst Fund LP, a Delaware limited partnership (“**MCCCF LP**”), Merion Capital LP, a Delaware limited partnership, Merion Capital II LP, a Delaware limited partnership, and Merion Capital Offshore LP, a Cayman Islands limited partnership (collectively, the “**Funds**”). Merion Capital Partners LP (the “**General Partner**”) is the General Partner to all of the Funds.

The investment objective of Merion Capital is to seek profit by way of investing in, as a minority interest, publicly traded companies engaging in mergers and other transactions that Merion perceives to be undervalued.

The strategy of Merion Capital is to generate a gain by exiting its position at fair value, through a variety of strategies including overbid of the merger target by an interloping bidder, or other methods at its disposal including litigation, with respect to each investment made by the General Partner. Additionally, Merion Capital may engage in hedging transactions in connection with any investment with the plan that any such hedging would take place simultaneously with or following an investment. Merion Capital may also choose to retain cash for the purposes of establishing and replenishing capital reserves and invest said cash in interest-bearing securities. Merion Capital may also choose to employ leverage in its strategy but has not done so to date.

The investment objective of MCCCF is to provide investors exposure to a diverse range of corporate events on a hedged basis and to seek profit from investments managed in accordance with its Catalyst Strategy, incorporating event-driven situations, arbitrage, and distressed strategies surrounding corporate events with the goal of attaining the most efficient risk-reward exposure to corporate events on a hedged basis.

As part of Merion’s Catalyst Strategy, the General Partner expects MCCCF to take positions in equity and debt securities, designed to capture price movements generated by corporate events or involvement in special situations. MCCCF may employ strategies that invest both long and short

in related securities or other instruments, including options, option spreads, debt instruments, market indices, and highly correlated securities with common industry characteristics, to reduce risk. In addition to the Catalyst Strategy, MCCCCF's investment strategy will include investments in Merion Capital. The specific terms of the investment relationship between MCCCCF and Merion Capital is disclosed within the relevant offering documents.

Investment Strategy Risks for Merion Capital and for MCCCCF's Investment in Merion Capital

Availability of Transaction: There can be no assurance that sufficient transactions will be available for the evaluation and pursuit by Merion Capital. Further, it is possible that a portion of the capital commitments of the Partners may never be called or invested.

Nature of the Claim: In pursuit of litigation upon the closing of a transaction that is the subject of the investment, the securities that were purchased in connection with the investment are no longer publicly traded. As a result, this illiquidity limits the ability of the Fund to thereafter realize a cash return on the investment without either (i) a settlement of the litigation or (ii) a court determination with respect to the litigation.

Changes in Law: Merion Capital may pursue one of its investment strategies based on the current status of the law in many jurisdictions throughout the United States. Should there be a material change in the law, some of the investment strategies of the Funds may be frustrated. There can be no assurances regarding the legal landscape in which the Funds operate over the proposed lives of the Funds.

Item 4.C.

The Firm's advisory services are provided to its clients, the Funds, pursuant to the terms of the Funds' relevant offering documents and based on the specific investment objectives and strategies as disclosed therein. The advisory services each client receives are tailored to their individual needs and specified investment objectives and strategies as set forth in each client's offering documents. The clients may impose restrictions on investing in certain types of securities in accordance with achieving their investment objectives and strategies.

Item 4.D.

Not Applicable. Merion does not participate in a wrap fee program.

Item 4.E.

As of December 31, 2013, Merion manages its approximately \$400,000,000 in client assets on a fully discretionary basis, as described in the Funds' offering documents. Merion does not manage any of its client's assets on a non-discretionary basis.

Item 5: Fees and Compensation

Item 5.A.

The Firm receives a management fee from Merion Capital as a separate fee collected during every capital call made for the purpose of purchasing securities for an investment, which is equal to one percent (1%) multiplied by the total contributions received by Merion Capital with respect to each capital call. The General Partner, in its sole discretion, may waive, reduce or calculate differently with respect to certain Partners.

In addition to the management fee for Merion Capital described above, the General Partner receives a performance-based fee from Merion Capital, which is equal to thirty percent (30%) of all proceeds available for distribution from an investment after the return of the Limited Partners' capital contributions with respect to such investment and the general expenses of Merion Capital allocated to such investment subject to the restoration of a Limited Partner's loss carry forward amount. Since the profits earned by MCCCCF with respect to its investment in Merion Capital will be subject to the performance-based fee at the level of Merion Capital LP, the distributions and allocations by Merion Capital LP to subaccounts for MCCCCF LP investments, which shall track separately the indirect interest of each partner in MCCCCF in each investment made by Merion Capital, will not be subject to the payment of any performance-based fee at the level of MCCCCF.

The Firm will receive a management fee for providing administrative services necessary for the operation of MCCCCF, payable monthly in advance, equal to one-and-a-half percent (1.5%) per annum of the balance of each Limited Partner's capital account determined as of the beginning of every month except that: (i) capital in Merion Capital will be deducted from such capital account for the purpose of calculating the management fee payable to MCCCCF and (ii) adjustments will be made to reflect midmonth reductions for investments in Merion Capital and restorations for distributions from Merion Capital. Additionally, the Firm, in its sole discretion, may waive or reduce the management fee with regard to certain Limited Partners.

Subject to certain limitations, the General Partner will receive a performance-based fee from MCCCCF, which will be an allocation of 20% of the amount of Net Profit so allocated to each Limited Partner. Investments in Merion Capital will not be subject to the performance-based fee, since each such investment by MCCCCF in Merion Capital on behalf of each Limited Partner will be subject to a separate performance-based fee arrangement at the level of Merion Capital. The performance-based fee charged against each Limited Partner's capital account, if any, will be calculated annually as of December 31, regardless of the date a Limited Partner was first admitted to the Fund.

Item 5.B.

Merion deducts the management fee from client accounts by instructing the client's custodian. Management fees for Merion Capital are a separate fee collected during every capital call made

for the purpose of purchasing securities for an investment. Management fees for MCCCCF are collected monthly in advance. The performance-based fee for Merion Capital is collected periodically in the event there are proceeds available for distribution from an investment. The performance-based fee for MCCCCF is collected annually after calculation at the end of each fiscal year.

Item 5.C.

Merion Capital will be responsible for organizational expenses, general and administrative expenses, and any taxes or fees levied against Merion Capital. All such fees and expenses shall be billed directly to and paid by Merion Capital, or Merion Capital shall reimburse the General Partner for such expenses. Merion Capital will be responsible for expenses such as brokerage commissions, incurred in connection with the acquisition of investments, and for the reimbursements described within Merion Capital's offering memorandum.

MCCCCF will be responsible for all organizational expenses, general and administrative expenses, and any such taxes, fees or other governmental charges levied against MCCCCF. To the extent the expenses exceed an amount of 50 basis points (0.50%) per annum of MCCCCF's average monthly net assets, the General Partner has agreed, until such date as the assets of MCCCCF reach \$50,000,000, to voluntarily pay or absorb the ordinary operating expenses of MCCCCF (including organization and offering expenses, but excluding interest, brokerage commissions, extraordinary expenses, the management fee and performance-based fee). All such fees and expenses shall be billed directly to and paid by MCCCCF or MCCCCF shall reimburse the General Partner for such expenses. Additionally, the organizational expenses of MCCCCF shall be borne by MCCCCF, subject to the expense limitation relationship with the General Partner as described previously and will be amortized over a 36 month period.

Item 5.D.

The management fee for MCCCCF is payable monthly in advance. As investors in either Fund are not able to redeem intra month, Merion does not anticipate there being an instance in which a refund of a management fee would be necessary.

Item 5.E., Item 5.E.1, Item 5.E.2, and Item 5.E.3

Please see responses to Item 10 and Item 11 below.

Item 5.E.4.

Not Applicable. Merion does not charge advisory fees in addition to commissions or markups.

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

Please see response to Item 5.A. Additionally, the existence of the performance-based fee, as discussed in response to Item 5.A., may create an incentive for the Firm to be more aggressive than would be the case in the absence of the performance-based fee.

As the structure and relationships of Merion Capital present various potential and actual conflicts of interest, Merion has adopted and implemented policies and procedures intended to address such conflicts of interest relating to the management of multiple accounts. Examples of what the conflicts of interest may involve include, among other things: (i) the inability of the principals of the General Partner to give exclusive time and attention to the Funds due to their involvement in other activities, (ii) the fact that the performance-based fee discussed in Item 5.A., fee, compensation, purchase price and other arrangements among the Funds and the Firm and its affiliates will not have been established at arm's length, (iii) the existence of the performance-based fee discussed in Item 5.A. may create an incentive for the Firm to be more aggressive than would be the case in the absence of the performance-based fee, (iv) that the Funds may face procedural, business or legal conflicts in the future based on the objectives and operation of the Funds, and (v) that the principals of the Firm and/or the Firm may manage capital or pools of capital with investment objectives different or similar to that of the Funds, on terms substantially different from the terms associated with the Funds.

Item 7: Types of Clients

The Firm's clients are privately offered pooled investment vehicles, which are intended for investment by certain investors that are both accredited investors and qualified purchasers as defined by the Investment Company Act of 1940. The respective minimum initial and subsequent subscription amounts required of the investors in either of the Funds is detailed within each offering memorandum of the relevant Fund.

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

Item 8.A.

Investment in the Funds involves significant risks and is suitable only for investors who can bear the economic risk of losing their entire investment and who have limited need for liquidity in their investment. There can be no assurance that either of the Funds will achieve its investment objective. Each prospective investor should carefully review the Firm's offering documents and the agreements referred to therein prior to deciding to invest in either of the Funds.

Item 8.B.

Investment Strategy Risks for MCCCCF

Event Oriented Trading. An event-driven investment position is generally taken after a transaction is announced, at which point the security has generally risen to a significant premium over the market price that prevailed prior to the announcement. If the transaction is not subsequently consummated, the market price of the securities will fall, usually to a level comparable to or below that which existed prior to the announcement. This can cause the Fund to suffer a significant loss with respect to any long positions that it has established in the security. Similarly, with respect to any short positions, to the extent such positions have to be covered, the Fund could be adversely affected. Various events may occur which may result in a transaction not being consummated which could adversely affect the Fund's position. Some of the reasons why a transaction may be terminated include a successful takeover defense, a decline in financial performance of either the target or acquirer, a rise in interest rates, a market crash, regulatory restrictions, market risk associated with securities issued in a merger or exchange offer and a lack of liquidity.

Risks Associated With Arbitrage; Hedging and Spread Trading. In any strategy in which the Fund engages in arbitrage, hedging or spread trading, it is subject to the risk of divergent movement in the positions comprising the arbitrage, hedge or spread trade. Thus, for example, in the case of equity arbitrage, if the so-called "undervalued security" was to decrease in value and the so-called "overvalued security" was to increase in value, the Fund could suffer a substantial loss. In addition, if both securities were to increase in value, but the overvalued security increased in value at a rate faster than the undervalued security, the Fund could also suffer a substantial loss.

Aggressive Investment Risks. The Fund may employ investment strategies that involve greater risks than the strategies used by other investment funds, including short sales (which involve the risk of an unlimited increase in the market of the security sold short, which could result in a theoretically unlimited loss) and derivative transactions. Although the Fund may use hedged strategies, there is no assurance that hedged strategies will protect against losses or perform better than non-hedged strategies, and the Fund may use long only or short only strategies. The strategies to be employed by the Fund generally will emphasize hedged positions rather than non-hedged positions in securities and derivatives in an effort to protect against losses due to general movements in market prices; however, no assurance can be given that such hedging will be successful or that consistent profits will be achieved.

Short Sale Risk. The Fund may engage in short sales. A short sale involves the sale of a security that the Fund does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. A short sale involves the risk of a theoretically unlimited increase in the market price of the security and therefore the risk of a theoretically unlimited loss. In addition, a short sale involves the risk that borrowed securities will have to be returned to the lender at a time when such securities cannot be borrowed from other sources, potentially requiring the Fund to close a short sale transaction at an inopportune time or under disadvantageous circumstances. The Fund may reinvest cash proceeds of short sales in additional long securities investments, which could be viewed as the use of additional leverage. The Fund's obligation to replace the borrowed security will be secured by collateral deposited with the broker-dealer, usually cash, U.S. government securities or other liquid

securities. The Fund will also be required to designate on its books and records similar collateral with its custodian to the extent, if any, necessary so that the aggregate collateral value is at all times at least equal to the current market value of the security sold short. Depending on arrangements made with the broker-dealer from which it borrowed the security regarding payment over of any payments received by the Fund on such security, the Fund may not receive any payments (including interest) on its collateral deposited with such broker-dealer.

If the price of the security sold short increases between the time of the short sale and the time the Fund replaces the borrowed security, the Fund will incur a loss; conversely, if the price declines, the Fund will realize a gain. Any gain will be decreased, and any loss increased, by the transaction costs described above. Although the Fund's gain is limited to the price at which it sold the security short, its potential loss is unlimited. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short selling exposes the Fund to unlimited risk with respect to that security due to the lack of an upper limit on the price to which an instrument can rise. Although the Fund reserves the right to utilize short sales, its investment adviser is under no obligation to utilize short sales at all.

Risk Characteristics of Options. Options transactions can be highly volatile investments. Successful hedging strategies require the anticipation of future movements in securities prices, interest rates and other economic factors. When a fund uses options as hedging devices, the prices of the securities subject to the options may not correlate with the prices of the securities in a portfolio. This may cause the options to react to market changes differently than the portfolio securities. Even if expectations about the market and economic factors are correct, a hedge could be unsuccessful if changes in the value of the portfolio securities do not correspond to changes in the value of the option. The Fund may invest in so-called "synthetic options" or other derivative instruments written by broker-dealers or other financial intermediaries. Options transactions may be effected on securities exchanges or in the over the counter market. When options are purchased over the counter, the Fund bears the risk that the counter-party that wrote the option will be unable or unwilling to perform its obligations under the option contract. Such options may also be illiquid, and in such cases, the Fund may have difficulty closing out its positions.

Counterparty Risk. The Fund is subject to the risk of the failure or default of any counterparty to its securities transactions. The Firm will seek to minimize its counterparty risk through the selection of financial institutions and types of transactions employed. However, the hedging transactions and other operational mechanisms may involve counterparty and other risk elements that may create unforeseen exposures. If there is a failure or default by the counterparty to a transaction, the Fund expects to have contractual remedies pursuant to the agreements related to the transaction, but may not have such protections. There can be no assurance that the Firm's selection of counterparties or contractual remedies will protect the Fund from loss in the event of the failure or default by a counterparty.

Defensive Positions. During periods of adverse market or economic conditions, the Fund may temporarily invest all or a substantial portion of its net assets in cash or cash equivalents. The Fund would not be pursuing its investment objective in these circumstances and could miss favorable market developments.

Risks Associated with the Use of Margin Borrowings. The use of margin loans as leverage increases certain risks for the investors. The use of leverage will cause a multiplication of the loss incurred with respect to the investors' equity in comparison with the percentage decline in

the value of the investments purchased with such equity and leverage. In addition, if securities pledged to brokers to secure the Fund's margin accounts decline in value, the Fund could be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Fund's assets, the Firm might not be able to liquidate assets quickly enough to pay off the margin debt. In such a case, the Fund's prime broker may liquidate additional assets of the Fund, in its sole discretion, in order to satisfy such margin debt. The premiums for certain options traded on non-US exchanges may be paid for on margin. If the Fund sells an option on a futures contract, it may be required to deposit margin in an amount equal to the margin requirement established for the futures contract underlying the option and, in addition, an amount substantially equal to the premium for the option. The margin requirements imposed on the writing of options, although adjusted to reflect the probability that out-of-the-money options will not be exercised, can in fact be higher than those imposed in dealing in the futures markets directly. Whether any margin deposit will be required for over-the-counter options will depend on the agreement of the parties to the transaction.

Investment Strategy Risks for Merion Capital

Business Dependent on Key Individuals. The investors will have no authority to make decisions or to exercise business discretion on behalf of the Fund. The authority for all such decisions is delegated to the Firm. The success of the Fund is expected to be significantly dependent upon the expertise and efforts of the Firm to implement the Fund's investment strategy. The loss of the services of either of the key individuals, which are generally the Portfolio Managers to the Fund, for any reason can be expected to have a material adverse impact on the Firm and the Fund.

Interests Are Not General Obligations of General Partner. An investment in the Fund does not represent an obligation of the Firm or its affiliates or principals and is not guaranteed by the Firm or its affiliates or principals.

Services Not Exclusive. The relevant partnership agreement does not obligate any of the principals or employees of the Firm to give exclusive time or attention to the Fund.

Carried Interest. The allocation of a percentage of the Fund's net profits to the Firm may create an incentive for the Firm to cause the Fund to make investments that are riskier or more speculative than would be the case if this allocation were not made. The relevant partnership agreement does not require the Firm to return distributions previously made to the Firm in accordance with the relevant partnership agreement on account of the Carried Interest. The Carried Interest to be allocated to the Firm was determined by the Firm and is not to be considered as having been negotiated at arm's-length.

Investment Strategy Risks for Merion Capital and for MCCCCF's Investment in Merion Capital

Availability of Transactions. There can be no assurance that sufficient transactions under the relevant corporate statute will be available for the evaluation and pursuit by Merion Capital. Further, it is possible that a portion of the capital commitments of the Partners may never be called or invested.

Nature of the Claims. Upon the closing of a transaction that is the subject of the investment, the securities that were purchased in connection with the investment are no longer publicly traded. As a result, this illiquidity limits the ability of the Fund to thereafter realize a cash return on the investment without either (i) a settlement of the litigation or (ii) a court determination with respect to the litigation.

Changes in Law. Merion Capital is pursuing its investment strategy based on the current status of the law in many jurisdictions throughout the United States. Should there be a material change in the law, the investment purpose of the Funds may be frustrated. There can be no assurances regarding the legal landscape in which the Funds operate over the proposed lives of the Funds.

Item 8.C.

Risks Associated with Portfolio Securities of MCCCCF

Issuer Risk. The value of an issuer's securities that are held in the Fund's portfolio may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods and services.

Common Stocks. The Fund will invest in common stocks. Common stocks represent an ownership interest in a company. The Fund may also invest in securities that can be exercised for or converted into common stocks (such as convertible preferred stock). While offering greater potential for long-term growth, common stocks and similar equity securities are more volatile and more risky than some other forms of investment. Therefore, the value of your investment in the Fund may sometimes decrease instead of increase. Common stock prices fluctuate for many reasons, including adverse events such as unfavorable earnings reports, changes in investors' perceptions of the financial condition of an issuer, the general condition of the relevant stock market or when political or economic events affecting the issuers occur. In addition, common stock prices may be sensitive to rising interest rates, as the costs of capital rise and borrowing costs increase for issuers. Because convertible securities can be converted into equity securities, their values will normally increase or decrease as the values of the underlying equity securities increase or decrease. The common stocks in which the Fund will invest are structurally subordinated to preferred securities, bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and assets and, therefore, will be subject to greater risk than the preferred securities or debt instruments of such issuers.

Exchange Traded Funds. The Fund may invest in exchange-traded funds, which are investment companies that aim to track or replicate a desired index, such as a sector, market or global segment. ETFs are passively managed and their shares are traded on a national exchange. ETFs do not sell individual shares directly to investors and only issue their shares in large blocks known as "creation units." The investor purchasing a creation unit may sell the individual shares on a secondary market. Therefore, the liquidity of ETFs depends on the adequacy of the secondary market. There can be no assurance that an ETF's investment objective will be achieved, as ETFs based on an index may not replicate and maintain exactly the composition and relative weightings of securities in the index. ETFs are subject to the risks of investing in the underlying securities. The Fund, as a holder of the securities of the ETF, will bear its pro rata

portion of the ETF's expenses, including advisory fees. These expenses are in addition to the direct expenses of the Fund's own operations.

Derivative Securities Risks. The Fund may invest in derivative securities. These are financial instruments that derive their performance from the performance of an underlying asset, index, interest rate or currency exchange rate. Derivatives can be volatile and involve various types and degrees of risks, depending upon the characteristics of a particular derivative. Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in a derivative could have a large potential impact on the performance of the Fund. The Fund could experience a loss if derivatives do not perform as anticipated, or are not correlated with the performance of other investments which they are used to hedge or if the Fund is unable to liquidate a position because of an illiquid secondary market. The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives.

Small and Medium Cap Company Risk. The Fund may invest in the securities of issuers with small or medium capitalization. Compared to large companies, small and medium capitalization companies are more likely to have (i) more limited product lines or markets and less mature businesses, (ii) fewer capital resources, (iii) more limited management depth and (iv) shorter operating histories. Further, compared to large cap stocks, the securities of small and medium capitalization companies are more likely to experience sharper swings in market values, be harder to sell at times and at prices that the Firm believes appropriate, and offer greater potential for gains and losses.

Preferred Stocks. The Fund may invest in preferred stocks. Preferred stock, like common stock, represents an equity ownership in an issuer. Generally, preferred stock has a priority of claim over common stock in dividend payments and upon liquidation of the issuer. Unlike common stock, preferred stock frequently does not have voting rights. Preferred stock in some instances is convertible into common stock. Although they are equity securities, preferred stocks have characteristics of both debt and common stock. Like debt, their promised income is contractually fixed. Like common stock, they do not have rights to precipitate bankruptcy proceedings or collection activities in the event of missed payments. Other equity characteristics are their subordinated position in an issuer's capital structure and that their quality and value are heavily dependent on the profitability of the issuer rather than on any legal claims to specific assets or cash flows.

Investment in preferred stocks carries risks, including credit risk, deferral risk, redemption risk, limited voting rights, risk of subordination and lack of liquidity. Fully taxable or hybrid preferred securities may contain provisions that allow an issuer, at its discretion, to defer distributions for up to 20 consecutive quarters. Distributions on preferred stock must be declared by the board of directors and may be subject to deferral, and thus they may not be automatically payable. Income payments on preferred stocks may be cumulative, causing dividends and distributions to accrue even if not declared by the company's board or otherwise made payable, or they may be non-cumulative, so that skipped dividends and distributions do not continue to accrue. There is no assurance that dividends on preferred stocks in which the Fund invests will be declared or otherwise made payable. The Fund may invest in non-cumulative preferred stock, although the Firm would consider, among other factors, its noncumulative nature in making any decision to purchase or sell such securities. Shares of preferred stock have a liquidation value that generally is set relative to the original purchase price at the date of issuance. The market values of

preferred stock may be affected by favorable and unfavorable changes impacting the issuers' industries or sectors, including companies in the utilities and financial services sectors, which are prominent issuers of preferred stock. They may also be affected by actual and anticipated changes or ambiguities in the tax status of the security and by actual and anticipated changes or ambiguities in tax laws, such as changes in corporate and individual income tax rates, and in the dividends received deduction for corporate taxpayers or the lower rates applicable to certain dividends. Because the claim on an issuer's earnings represented by preferred stock may become onerous when interest rates fall below the rate payable on the stock or for other reasons, the issuer may have the right to redeem preferred stock, generally after an initial period of call protection in which the stock is not redeemable. Thus, in declining interest rate environments in particular, the Fund's holdings of higher dividend paying preferred stocks may be reduced and the Fund may be unable to acquire securities paying comparable rates with the redemption proceeds. In the event of a redemption, the Fund may not be able to reinvest the proceeds at comparable rates of return.

Fixed Income Securities. The Fund may invest in fixed income securities, also referred to as debt securities. Fixed income securities are subject to credit risk and market risk. Credit risk is the risk of the issuer's inability to meet its principal and interest payment obligations. Market risk is the risk of price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. There is no limitation on the maturities or duration of fixed income securities in which the Fund invests. Securities having longer maturities generally involve greater risk of fluctuations in value resulting from changes in interest rates. The Fund's credit quality policy with respect to investments in fixed income securities does not require the Fund to dispose of any debt securities owned in the event that such security's rating declines to below investment grade (commonly referred to as "junk bonds"). Although lower quality debt typically pays a higher yield, such investments involve substantial risk of loss. Junk bonds are considered predominantly speculative with respect to the issuer's ability to pay interest and principal and are susceptible to default or decline in market value due to adverse economic and business developments. The market values for junk bonds tend to be very volatile and those securities are less liquid than investment grade debt securities. Moreover, junk bonds pose a greater risk that exercise of any of their redemption or call provisions in a declining market may result in their replacement by lower-yielding bonds. In addition, bonds in the lower investment grade categories, despite being of higher credit rating than junk bonds, have speculative characteristics with respect to the issuer's ability to pay interest and principal and their susceptibility to default or decline in market value.

Corporate Bonds, Government Debt Securities and Other Debt Securities. The Fund may invest in corporate bonds, debentures and other debt securities. Debt securities in which the Fund may invest may pay fixed or variable rates of interest. Bonds and other debt securities generally are issued by corporations and other issuers to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and normally must repay the amount borrowed on or before maturity. Certain debt securities are "perpetual" in that they have no maturity date.

The Fund may invest in government debt securities, including those of emerging market issuers or of other non-U.S. issuers. These securities may be U.S. dollar-denominated or non-U.S. dollar-denominated and include: (a) debt obligations issued or guaranteed by foreign national, provincial, state, municipal or other governments with taxing authority or by their agencies or instrumentalities; and (b) debt obligations of supranational entities. Government debt securities include: debt securities issued or guaranteed by governments, government agencies or

instrumentalities and political subdivisions; debt securities issued by government owned, controlled or sponsored entities; interests in entities organized and operated for the purpose of restructuring the investment characteristics issued by the above noted issuers; or debt securities issued by supranational entities such as the World Bank or the European Union. The Fund may also invest in securities denominated in currencies of emerging market countries. Emerging market debt securities generally are rated in the lower rating categories of recognized credit rating agencies or are unrated and considered to be of comparable quality to lower rated debt securities. A non-U.S. issuer of debt or the non-U.S. governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and the Fund may have limited resources in the event of a default. Some of these risks may not apply to issuers in large, more developed countries. These risks are more pronounced in investments in issuers in emerging markets or if the Fund invests significantly in one country.

Convertible Securities. The Fund may invest in convertible securities. Convertible securities include fixed income securities that may be exchanged or converted into a predetermined number of shares of the issuer's underlying common stock at the option of the holder during a specified period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, units consisting of "usable" bonds and warrants or a combination of the features of several of these securities. The investment characteristics of each convertible security vary widely, which allows convertible securities to be employed for a variety of investment strategies. The Fund will exchange or convert convertible securities into shares of underlying common stock when, in the opinion of the Fund's investment adviser, the investment characteristics of the underlying common shares will assist the Fund in achieving its investment objective. The Fund may also elect to hold or trade convertible securities. In selecting convertible securities, the Fund's investment adviser evaluates the investment characteristics of the convertible security as a fixed income instrument, and the investment potential of the underlying equity security for capital appreciation. In evaluating these matters with respect to a particular convertible security, the Fund's investment adviser considers numerous factors, including the economic and political outlook, the value of the security relative to other investment alternatives, trends in the determinants of the issuer's profits, and the issuer's management capability and practices.

The value of a convertible security, including, for example, a warrant, is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. Generally, the conversion value decreases as the convertible security approaches maturity. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed income security. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing

instrument. If a convertible security held by the Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Fund's ability to achieve its investment objective.

Item 9: Disciplinary Information

Item 9.A.

Not Applicable.

Item 9.B.

Not Applicable.

Item 9.C.

Not Applicable.

Item 10: Other Financial Industry Activities and Affiliations

Item 10.A.

Patrick Horsman, Merion's Chief Operating Officer, is a registered representative with Blue Sand Securities LLC, an unaffiliated third-party broker-dealer for which he is a Co-Founder, Managing Partner, and has an ownership interest.

Item 10.B.

Not Applicable. Neither Merion, nor any of its management persons are registered, have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Item 10.C.

The nature of Patrick Horsman's relationship with Blue Sand Securities LLC, as a registered representative, Co-Founder, and Managing Partner as well as having an ownership interest, could create a conflict of interest with the Firm's advisory business; however, in its fiduciary capacity to act in the best interest of its clients, Merion has put in place procedures to prevent said possible conflicts of interest, which include not trading any securities through Blue Sand Securities LLC, nor paying any trading commissions to Blue Sand Securities LLC for any trading done with other brokers. Additionally, Patrick Horsman is not involved in the selection

or negotiation of any brokerage relationships for either of the Funds and has no involvement in trading securities for either of the Funds.

Item 10.D.

Not Applicable. Merion does not recommend or select other investment advisers for its clients.

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

Item 11.A.

Merion has adopted a Code of Ethics that states the requirement of the Firm, its personnel, and any related persons to fulfill their fiduciary duty to the Firm's clients and therefore be honest and truthful in all dealings with clients and place the interests of the clients ahead of those of the Firm, its personnel, and/or any related persons at all times.

As outlined in Merion's Code of Ethics, the Firm's personnel, including directors, officers, partners, other persons occupying a similar status or performing similar functions, and employees, are subject to the personal account disclosure requirements and restrictions, which require personnel to disclose any and all personal securities holdings on an initial and annual basis, request pre-approval for any personal trade in certain securities, and provide the Chief Compliance Officer, on a monthly basis, with duplicate account statements for all accounts in which they have personal securities holdings. Additionally, Firm personnel are to refrain from trading in any securities that either of the Funds holds a position in or intends to hold a position in.

Additionally, Merion's Code of Ethics details restrictions and reporting requirements regarding the giving or receiving of gifts and/or entertainment to and/or from, among others, current or prospective investors, government officials, and union officials, by any of the Firm's personnel.

A copy of the Firm's Code of Ethics may be made available to investors and prospective investors upon their individual request.

Item 11.B.

Merion's General Partner acts as general partner to both of the Firm's Funds. As investments in Merion Capital are linked to MCCCCF by way of its investment strategy, conflicts of interest may arise from time to time. Merion has described the following steps taken to address conflicts that may arise: MCCCCF and Merion Capital will cooperate in maintaining subaccounts to track each investor's indirect interest in each investment made by MCCCCF in Merion Capital and in each investment made by Merion Capital. Each investment made by Merion Capital will be segregated from each other investment made by Merion Capital for purposes of paying a thirty percent (30%) performance-based fee at the level of MCCCCF to the General Partner, subject to a loss carryforward provision detailed within the relevant offering documents. The profits and losses realized by MCCCCF from Merion Capital on behalf of an investor's indirect interest in an

investment made into Merion Capital shall be allocated to such investor without being subject to the performance-based fee (as discussed above in response to Item 5.A.) at the level of Merion Capital or the carryforward amount, as described in the relevant offering documents. Additionally, no management fee will be paid at the level of MCCCCF on capital which had been invested in Merion Capital for the period of such investment. Further, no separate management fee is charged at the level of Merion Capital on such capital while it is invested in Merion Capital.

Items 11.C. and 11.D.

Merion, as a fiduciary to its clients and endeavoring to be honest and truthful to its clients at all times, prohibits investments in the personal account of any Firm personnel or related person in a security that either of the Funds currently holds a position in or intends to hold a position in. If, at the time the Firm buys a position in which any Firm personnel has an interest in its personal account, said Firm personnel will be required to sell the position within 10 business days of the Firm buying the position. Approval of a personal trading request generally must be made on the same day on which the personnel intends to place that trade however the approval for said trade will be valid for the 24 hours following the trade to allow for requests that may come after the market is closed.

Item 12: Brokerage Practices

Item 12.A.1.

Merion seeks to obtain the best execution of the Funds' securities transactions by placing orders for the purchase and sale of securities with brokers and dealers based on the Firm's evaluation of the ability of the broker or dealer to execute orders in a prompt and effective manner as well as a consideration of such factors as the nature and quality of the brokerage services the broker or dealer provides, the size and breadth of the market for the security, the reliability, integrity, and financial condition of the broker or dealer, and the size and difficulty of effecting the order and the best net price. There may be instances when, in the judgment of the Firm, more than one broker or dealer is able to offer comparable brokerage services to the Fund. In selecting among such brokers or dealers, consideration may be given to those brokers or dealers which provide research services to the Fund, the Firm, and any of the Firm's affiliates. However, it is not the policy of the Firm to pay higher commissions to a broker because it has supplied such services. Research services furnished by brokers may include, but are not limited to, research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities and other services providing lawful and appropriate assistance to the Firm in the performance of its investment decision-making responsibilities on behalf of the Funds and other accounts which it and its affiliates manage.

Merion does not currently engage in the usage of soft dollar. However, consistent with Merion's offering documents, the Firm may choose to direct the brokerage transactions of one of its Funds to brokers in order to obtain research services, some of which were described above, provided that the Fund does not pay a rate of commission in excess of what is competitively available from comparable brokers for comparable services taking into account various factors, including

commission rates, financial responsibility and strength and ability of the broker to efficiently execute transactions as permitted by Section 28(e) of the Securities Exchange Act of 1934, as amended.

Item 12.A.2.

Merion does not participate in selecting or recommending broker-dealers in exchange for client referrals.

Item 12.A.3.

Not Applicable. Merion does not engage in directed brokerage by its clients.

Item 12.B.

Not Applicable. Merion does not generally aggregate the purchase or sale of securities for client accounts as the investment objectives and strategies of each client rarely overlap.

Item 13: Review of Accounts

Item 13.A.

No less than once a month, the Firm's Chief Compliance Officer will review the client accounts in order to make a determination as to what securities should be included on the Firm's restricted securities list for purposes of personal trading. The Chief Compliance Officer and his designees, as appropriate, will review the client accounts as well as their trading activity against the activity of any personal accounts of Firm personnel on no less than a monthly basis to monitor potential insider trading. On a periodic basis no less than semi-annually, the Firm's Brokerage Committee, which includes the Managing Partner, Head Trader, Chief Compliance Officer, and Chief Operating Officer, will meet to review client accounts for discussion regarding best execution and other brokerage related matters. The Chief Compliance Officer shall, on a periodic basis no less than semi-annually, review determinations regarding the allocation of investment opportunities between the Funds to confirm that fair and equitable allocations were carried out.

Item 13.B.

Client accounts are monitored on an ongoing basis by the Firm's Managing Partner for adherence to the Firm's valuation policies and procedures. A formal review of the client accounts would occur in the event the Managing Partner's monitoring requires the valuation policies and procedures to be updated. As allocating investment opportunities is rare due to the different investment objectives and strategies of each of the Funds, a need to review client accounts may arise if an instance occurs that requires the Firm to consider whether and how to allocate securities between the Funds.

Item 13.C.

For investors in Merion Capital, each will receive written monthly performance statements from the Administrator during months which the Fund holds an investment or capital contribution intended for use as an investment. These written monthly performance statements are unaudited and are sent to investors following a review by the Firm's Valuation Committee. Merion also makes its Portfolio Managers available to the Fund's investors on a periodic basis to discuss exposures and portfolio structure; these reports will not be written, they will be verbal in nature.

For investors in MCCCCF, each will receive written monthly performance statements from the Administrator as well as written quarterly letters from the Fund's management with respect to the Fund's activities. The written monthly performance statements are unaudited and are sent to investors following a review by the Firm's Valuation Committee. Additionally, as with Merion Capital LP, Merion will make MCCCCF's Portfolio Managers available for periodic meetings to discuss exposures and portfolio structure; these reports will not be written, they will be verbal.

Item 14: Client Referrals and Other Compensation

Item 14.A.

As noted in the response to Item 12.A.1. and 12.A.2., while it is not Merion's policy to engage directly in soft dollar activities, the Funds may indirectly benefit from research services acquired by the Firm as a result of the brokerage transactions of the Funds.

Additionally, Merion does not receive a direct economic benefit, in any form, from any third party for providing investment advice or other advisory services to its Funds.

Item 14.B.

Merion currently utilizes the services of Blue Sand Securities LLC, an unaffiliated third party distributor, to assist in the sale of limited partnership interests in both of its Funds and may choose to engage others from time to time.

For client or investor referrals involving Merion Capital, Blue Sand Securities LLC will receive, as disclosed in the relevant offering document, thirteen and one third percent (13.33%) of the performance-based fee (as discussed above in response to Item 5.A.) as well as thirteen and one third percent (13.33%) of the Management Fee (as discussed above in response to Item 5.A.) collected for limited partnership interests attributable to Blue Sand Securities LLC.

For client or investor referrals involving MCCCCF, Blue Sand Securities LLC will receive, as disclosed in the relevant offering document, thirteen and one third percent (13.33%) of the performance-based fee (as discussed above in response to Item 5.A.) as well as thirteen and one third percent (13.33%) of the Management Fee (as discussed above in response to Item 5.A.) collected for limited partnership interests attributable to Blue Sand Securities LLC.

Item 15: Custody

Due to the fact that Merion acts as investment adviser to the Funds and has an affiliated party that acts as general partner to those Funds, Merion may be deemed to have custody of certain client assets under current applicable regulatory interpretations. As such, and as is required by the safekeeping requirement in Rule 206(4)-2 of the Investment Advisers Act of 1940, all assets in the accounts of Merion's clients are held by a qualified custodian. On an annual basis, the Administrator delivers the audited financial statements to the investors in the Funds within 120 days of fiscal year-end.

In addition, each investor in both Merion Capital and MCCCCF will receive monthly performance statements from the Administrator with respect to the activities of the relevant Fund.

Item 16: Investment Discretion

Merion accepts discretionary authority to manage securities accounts on behalf of clients and therefore, determine which securities and the amounts of securities it buys and sells for the clients. This authority has been granted to Merion by means of the execution of the relevant organizational and/or advisory agreements that set forth the scope of the Firm's discretion with respect to each Fund.

Item 17: Voting Client Securities

Item 17.A.

Merion has proxy voting authority due to the fact that it has discretionary authority over the securities held by its clients and accordingly, Merion understands its fiduciary responsibility to monitor corporate events and to vote proxies and cast votes in the best interest of clients and not put client interest second to its own interests. It is the Firm's general policy to vote, in its discretion, in a manner that serves the best interest of its clients by taking into account relevant factors, including, but not limited to the impact on the value of the securities, the anticipated costs and benefits associated with the proposed vote, the effect on liquidity, and customary industry and business practices.

The Firm's Portfolio Manager, Samuel I. Johnson, is responsible for making all proxy voting decisions according to the Firm's proxy voting procedures and is therefore responsible for determining whether each proxy is for a routine matter or not. All proxies identified as routine will be voted by the Firm in accordance with the policies. Any proxies that are not definitively routine or non-routine will be submitted to the Managing Partner, who will determine how to vote each such proxy by applying the policies to the specific circumstance. Upon making a decision, the proxy will be executed and returned to the Chief Compliance Officer for submission to the company. Upon receipt of an executed proxy, the Chief Compliance Officer

will update the clients' proxy voting records. The Chief Compliance Officer is responsible for the actual voting of all proxies in a timely manner and for monitoring the effectiveness of the policies. In the event the Firm determines that a client should rely on the advice of an independent third party or a committee regarding the voting of a proxy, the Firm will submit the proxy to such third party or committee for a decision. The Portfolio Manager will execute the proxy in accordance with such third party's or committee's decision.

Merion will generally vote in favor of routine matters, which may include, but are not limited to, a change in the fiscal year of the company, a change in the name of the company, the election and re-election of Board members, an increase in fees paid to Board members, as well as the appointment of auditors and the authorization of the Board to fix auditor fees unless certain factors exist, and in accordance with the recommendation of the company's management, directors, general partners, managing members or trustees, unless such recommendation is not in the best interests of the Firm's clients.

Merion will generally vote on a case-by-case basis for non-routine matters, which may include, but are not limited to, a measurable change in the structure, management, control or operation of the company, a measurable change in the terms of, or fees or expenses associated with, an investment in the company or a change that is inconsistent with industry standards and/or the laws of the state of incorporation applicable to the company.

Merion will abstain from voting, which generally requires submission of a proxy voting card, or affirmatively decide not to vote if the Firm determines that abstaining or not voting is in the best interests of the client. In making such a determination, the Firm will consider various factors, including, but not limited to, the costs associated with exercising the proxy, any legal restrictions on trading resulting from the exercise of a proxy, and whether the Firm has sold the underlying securities since the record date for the proxy.

Clients are not permitted to direct the Firm's vote in a particular solicitation.

At times, conflicts may arise between the interests of the clients and the interests of the Firm or its affiliates. If the Firm determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, it will address matters involving such conflicts of interest by adhering to its proxy voting policies as often as practicably possible, departing from the Firm's policies when doing so is in the best interest of the clients, voting in the best interest of the client when a proxy is not addressed in the Firm's specific policies or requires a case-by-case determination by the Firm so long as the vote would be against the Firm's own best interest, and taking appropriate steps to involve an independent third party or independent committee to determine how to vote the proxy, request consent from investors, or request consent from the Firm's Chief Compliance Officer when the Firm believes it should vote in a way that may also benefit, or be perceived to benefit, its own interest. Additionally, the Firm will not abstain from voting or affirmatively decide not to vote merely to avoid a conflict of interest.

Clients may obtain information regarding how Merion voted its securities by requesting records of the Chief Compliance Officer, who is responsible for retaining all records relating to proxy voting. Additionally, clients may obtain a copy of the Firm's Proxy Voting Policies and Procedures upon request of the Chief Compliance Officer.

Item 17.B.

Not Applicable; see response to Item 17.A. Merion has authority to vote client securities.

Item 18: Financial Information

Item 18.A.

Not Applicable. Merion does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Item 18.B.

Merion is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitments to clients.

Item 18.C.

Not Applicable. Merion has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19: Requirements for State Registered Advisers

Not Applicable.