

## **Maeris LP**

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Maeris LP (“Maeris,” “we,” “us” or “our”). If you have any questions about the contents of this Brochure, please contact Maeris’ Chief Compliance Officer (“CCO”), Lauren Rose, at (206) 264-9977 or [lrose@maeris.com](mailto:lrose@maeris.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

Maeris’ registration as an investment adviser does not imply that Maeris or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

**Item 2: Material Changes**

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There have been no material changes to report to this Brochure since our most recent filing dated July 2013.

**Item 3: Table of Contents**

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**Item 4: Advisory Business**

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**The Adviser**

Maeris is a Delaware limited partnership that was founded on February 6, 2013. Maeris' principal owner is Lauren Rose.

**Advisory Services**

Maeris currently provides discretionary investment advice to a private investment fund (the "**Fund**") through a managed account arrangement. Such arrangement is governed by an investment management agreement with a subsidiary of the Fund (the "**Management Agreement**"). The Fund is currently our only client, but we may advise other clients in the future.

The Management Agreement sets forth certain guidelines or restrictions related to our investment activities, which may be modified from time-to-time in consultation with the Fund's general partner (the "**General Partner**"). The General Partner may, in certain situations, impose restrictions on our ability to invest in certain securities or types of securities.

We have limited trading authority with respect to the Fund. In this regard, we: (i) do not have custody of the Fund's assets, (ii) cannot determine the final value of the Fund's positions, (iii) cannot move the Fund's cash or securities, and (iv) cannot enter into any other agreements on behalf of the Fund. The General Partner provides risk management services to the Fund, manages the Fund's leverage, and provides certain administrative services to the Fund.

Maeris does not participate in wrap fee programs.

**Assets Under Management**

As of December 31, 2013, we managed approximately US\$110 million in regulatory assets under management on a discretionary basis. We do not manage any assets on a non-discretionary basis.

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**Item 5: Fees and Compensation**

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Our management fee is negotiated annually and is based on an operating expense budget agreed to between us and the General Partner. The negotiated management fee is periodically paid by the Fund in advance. Once paid, the negotiated management fee is non-refundable.

We may also be entitled to receive performance-based compensation from the Fund based on our net trading profits at the end of each fiscal year. The Fund's administrator is responsible for calculating, and the General Partner approves payment of, such performance-based compensation.

**Expenses**

We may incur brokerage and transaction-related expenses on the Fund's behalf (see Item 12). All other expenses to be borne by the Fund are set forth in the Fund's offering documents and have been determined by the General Partner.

We may also allocate a portion of the Fund's capital to exchange-traded funds or other similar vehicles. In addition to the fees and expenses discussed above, the Fund will indirectly incur similar fees and expenses if we invest its assets in such funds or vehicles, as such funds and vehicles in turn pay similar fees and expenses to their investment managers and other service providers.

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

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The receipt of performance-based compensation may incentivize Maeris to make investments on behalf of the Fund that are riskier or more speculative than it would make if it did not receive performance-based compensation. Because the General Partner provides risk management services to the Fund, we believe that this conflict is mitigated.

Furthermore, since net trading profits (the basis for our performance-based compensation), include unrealized appreciation, we may receive greater performance-based compensation than would be the case if net trading profits was based only on realized gains.

Since Maeris does not have authority to determine the final value of the Fund's positions, several conflicts associated with valuation are mitigated.

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**Item 7: Types of Clients**

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As discussed in Item 4, we provide investment management services to the Fund through a managed account arrangement. The Fund's minimum initial investment has been determined by the General Partner and is set forth in the Fund's offering documents.

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

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**Methods of Analysis and Investment Strategies**

We will employ a variety of strategies across asset classes globally with a strong bias towards trades with limited downside and positive asymmetric payoffs. Some specific asset classes in which we might choose to invest include, but are not limited to, equities, fixed income, interest rates, currencies and variety of volatility products. We look to exploit relative risk mispricings between securities in order to earn better than market returns for the risk taken. However, we may modify these strategies in the future, in consultation with the General Partner or for new clients.

**Investment Risks**

- *Interest Rate/Macro Arbitrage:* Strategies in which we are trying to exploit what we believe are price discrepancies that do not reflect implied macroeconomic risks. Depending on market context we would take directional or hedged views. We generally seek to create asymmetric payoff and maximize efficient use of capital. We try to minimize at risk capital by using a variety of financial instruments like swaptions, swaps and a combination of optionality products on different ETFs.
- *Equity Volatility and Convertibles:* Strategies in which we have taken a long or short position in the volatility of a company (*i.e.*, risk and returns depend primarily on the

volatility of the underlying stock). These strategies may consist of equity options hedged with stock or convertible bonds hedged with stock. Credit exposure in convertible bond strategies may be hedged with credit derivatives depending on our view of the credit and the level of credit risk.

- *FX Volatility:* Strategies in which we have taken a volatility position in a foreign currency. These strategies may include outright positions in foreign currencies.
- *Other Strategies:* Include special situations, directional equity and credit.

### ***Risk of Loss Factors***

The following are certain of the material risks involved in Maeris' investment strategy. This list does not purport to be a complete enumeration or explanation of the risks involved in such strategy.

#### *Nature of Investments and Limited Rights of Investors*

Investments will include holdings in fixed income securities and other financial instruments, including, without limitation, asset and mortgage backed securities, consumer and commercial loans and receivables, high yield investments and related synthetic instruments, and credit linked notes that may be affected, among other things, by business, financial market or legal uncertainties. There can be no assurance that we will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Fund's activities and the value of its investments.

#### *Long-Term Investments*

The investments that Maeris makes will frequently require longer-term holding periods for the positions in order to be successful and positions may experience considerable price volatility over such holding periods. Therefore, our investments may not be appropriate for clients requiring short-term liquidity or stable returns.

#### *Operational Risk*

Operational risk is the potential for loss caused by a deficiency in information, communication, transaction processing and settlement and accounting systems. We (or our agents) maintain controls that include systems and procedures to record and reconcile transactions and positions, and to obtain necessary documentation for trading activities.

#### *Illiquid Investments*

We may invest in securities or loans that either lack a readily assessable market value or should be held until the resolution of a special event or circumstance. However, we may not be able to readily dispose of such investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time.

#### *Use of Leverage*

The General Partner controls the amount of direct leverage that may be employed on the Fund's behalf and, in its discretion, may reduce or eliminate the use of such leverage.

Accordingly, we do not have the authority to use direct leverage for the Fund without the approval of the General Partner. Nonetheless, certain of our investments may expose the Fund to embedded leverage.

While leverage presents opportunities for increasing the total return on an investment, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment by the Fund would likely be magnified to the extent that any of them are leveraged.

#### *Non-Diversification*

In general, we are not subject to limitations on the percentage of assets we may invest in a particular security. Being concentrated in a small number of securities, options or futures, exposes a portfolio to the risk of adverse developments in or affecting a single issuer or industry to a greater extent than if the investments were diversified over a large number of issuers and industries.

#### *Short Selling Increases Risk of Capital Losses*

Short selling, or the sale of securities not owned by the Fund involves certain additional risks. Such transactions expose the Fund to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein Maeris might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

#### *Derivatives*

Derivative instruments, or “derivatives,” include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading, including liquidity risk and counterparty risk.

#### *Non-US Investments*

Investment in non-US issuers or securities principally traded outside the US will likely involve certain special risks due to economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and possible difficulty in obtaining and enforcing judgments against non-US entities. Furthermore, issuers of non-US securities are subject to different, often less comprehensive accounting reporting and disclosure requirements than domestic issuers. The securities of some foreign governments and

companies and foreign securities markets are less liquid and at times more volatile than comparable US securities and securities markets.

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**Item 9: Disciplinary Information**

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Neither we nor any of our management personnel have been subject to any administrative proceedings before the SEC or any other state, federal or foreign financial regulatory authority. In 1999, Mr. Rose was charged with a felony related to criminal possession of a controlled substance. The charge was dismissed and Mr. Rose was exonerated, however it remains on Mr. Rose's filed U4 form. Additional information is available on the SEC's website as follows: <http://www.adviserinfo.sec.gov/>.

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**Item 10: Other Financial Industry Activities and Affiliations**

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None.

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

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***Code of Ethics***

Pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended, we have adopted a Code of Ethics that establishes various procedures with respect to investment transactions in accounts in which employees of Maeris have a beneficial interest or accounts over which an employee has investment discretion.

The foundation of the Code of Ethics is based on the underlying principles that:

- Employees must at all times place the interests of the clients first;
- Employees must make sure that all personal securities transactions are conducted consistent with the Code of Ethics; and
- Employees should not take inappropriate advantage of their position at Maeris.

All Maeris employees (and members of their immediate households) are deemed to be "Access Persons" and are required to adhere to our Code of Ethics and Compliance Manual, which cover the duty of confidentiality as well as personal trading. All employees are required to certify their adherence to the Code of Ethics upon commencement of employment and annually thereafter. Further, all employees are required to instruct their brokers to deliver transaction confirmations and statements directly to Maeris' CCO. The Code of Ethics also places restrictions on personal trades by employees, including that they disclose their personal securities accounts and transactions to the CCO, and that they pre-clear certain types of personal securities transactions with the CCO.



**Item 12: Brokerage Practices**

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The General Partner provides us with a list of approved counterparties from which we select counterparties to execute transactions for the Fund. To the extent that we wish to use a counterparty for the Fund that is not included on such list, such counterparty must be reviewed and approved by the General Partner.

Generally, it is our policy to execute portfolio transactions for the Fund in the best interests of the Fund, including to seek to obtain “best execution” for the Fund. The term “best execution” means seeking the best price and execution for a security in the marketplace as well as ensuring that, in executing client transactions, clients do not incur unnecessary brokerage costs and charges. We are not obligated to obtain the lowest possible commission cost, but rather, should determine whether the transaction represents the best qualitative execution for the Fund.

Lauren Rose will be responsible for monitoring the Fund for compliance with our policy on best execution. We also evaluate, and seek to resolve, any conflicts of interest that we may have in selecting brokers to execute Fund transactions.

In negotiating commission rates and selecting broker/dealers, we will take into account a number of factors, including the financial stability and reputation of the particular broker/dealer, the ability to achieve prompt and reliable executions at favorable prices, the operational efficiency with which transactions are effected and the brokerage and research services provided by such broker/dealer, among other factors. Since commission rates are generally 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.

***Research and Soft Dollar Benefits***

Soft dollar arrangements generally arise when an investment adviser obtains products and services, other than securities execution, from a broker-dealer in return for directing client securities transactions to the broker-dealer. Soft dollar arrangements may pose a conflict of interest for Maeris in that such arrangements allow Maeris to pay with Fund brokerage commissions expenses that would otherwise be borne by Maeris. In the event that Maeris uses Fund brokerage commissions (or markups or markdowns) to obtain research or other products or services, Maeris could receive a benefit because it would not have to produce or pay for the research, products or services.

It is currently Maeris’ policy not to use soft dollars. However, Maeris enters into securities transactions on behalf of the Fund with broker-dealers that provide, as part of their bundled services, Maeris with access to research and research-related services. Maeris may have an incentive to select a broker based on Maeris’ interest in receiving the research or other products or services offered by such broker, rather than on the Fund’s interest in receiving most favorable execution.

Brokerage and research services may either be obtained from brokerage firms or paid for by brokerage firms and may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; news, quotation, statistics and pricing services, as well as discussions with research personnel and consultants; and software, data bases and other technical and telecommunications services and equipment utilized in the investment management process and consulting fees in connection with investigating and monitoring potential and existing investments. Research services may be proprietary research (created or developed by the broker-dealer) and research created or developed by

a third party. In formulating and implementing our policies with regards the use of commissions of soft dollars it is our intent to stay within the parameters of Section 28(e) of the Securities Exchange Act of 1934, as amended.

When Maeris uses brokerage commissions to obtain research or other products or services, Maeris receives a benefit because it does not have to produce or pay for such research, products or services. Maeris may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than in the Fund receiving most favorable execution.

During our last fiscal year, we acquired with client brokerage commission (or markups or markdowns): (i) research, such as proprietary research, which may have been written or oral; (ii) research products, such as quotation services; and (iii) research services, such as research concerning markets, economic and financial data, a particular aspect of economics or on the economy in general; statistical information; pricing data and availability of securities; financial publications; electronic market quotations; performance measurement services; analyses concerning specific securities, companies, industries or sectors; market, economic and financial studies and invitations to attend conferences or meetings with management or industry consultants.

#### ***Brokerage for Client Referrals***

In selecting or recommending broker-dealers, we do not consider whether we receive investor referrals from a broker-dealer or third party.

#### ***Principal Trading***

Our policy and practice is to not engage in any principal transactions.

#### ***Allocation of Investment Opportunities and Aggregation of Orders***

Currently, the Fund is our only client. To the extent that we manage additional clients in the future, we will follow documented procedures for allocating investment opportunities and aggregating orders.

### **Item 13: Review of Accounts**

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#### ***Review of Accounts***

Our principal owner, Lauren Rose, reviews our positions in the Fund on a continual basis to assure conformity with our investment objectives and guidelines.

We engage in active management for our positions in the Fund and, accordingly, review our transactions, positions and cash balances on a daily basis.

#### ***Reporting***

The General Partner has full Fund transparency, including with respect to our trading activity. It reviews our trading activity on a regular basis and discusses such activity with us as needed. As such, we do not provide regular reports to the Fund.

**Item 14: Client Referrals and Other Compensation**

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We do not currently utilize the services of any third-party marketers or solicitors.

**Item 15: Custody**

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We do not have custody over the Fund's assets.

**Item 16: Investment Discretion**

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We generally have discretionary authority to determine the securities to be bought or sold for a portion of the Fund. The Management Agreement sets forth certain guidelines or restrictions related to our investment activities, which may be modified from time-to-time in consultation with the General Partner. In addition, the General Partner may, in certain situations, impose restrictions on our ability to invest in certain securities or types of securities.

**Item 17: Voting Client Securities**

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To the extent Maeris has been delegated proxy voting authority on behalf of the Fund, Maeris complies with its proxy voting policies and procedures that are designed to ensure that in cases where Maeris votes proxies with respect to Fund securities, such proxies are voted in the best interest of the Fund. There may be circumstances in which Maeris is advised in writing by the General Partner not to vote and in such circumstances, Maeris will refrain from voting.

Upon request from a client via phone or telephone, we will provide such client with a copy of our proxy voting policies and procedures and/or a record of all proxy votes cast on behalf of that client. Requests for such information should be sent to [lrose@maeris.com](mailto:lrose@maeris.com).

**Item 18: Financial Information**

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition.

Maeris has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.