

MERRITT CAPITAL INVESTMENT ADVISORS LLC

Combined ADV Part 2A/Part 2B: Firm Brochure and Supplement

January 1, 2015

Cover Page

This brochure provides information about the qualifications and business practices of Merritt Capital Investment Advisors LLC. The business address is 23 Old Kings Highway South, Darien, CT 06820. If you have any questions about the contents of this brochure, please contact Ramona A. Adams, Chief Compliance Officer at 203-656-2677 or at radams@merrittcaplp.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 document should be reviewed in its entirety.

Information may also be accessed on the Merritt Capital web site at <http://www.merrittcaplp.com>

Additional information about Merritt Capital Investment Advisors LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

There are changes herein from the last annual update of our brochure.

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1. ADVISORY BUSINESS

Merritt Capital Investment Advisors LLC (the “General Partner”), is an investment advisor with its principal place of business in Darien, Connecticut. The General Partner, a Delaware limited liability company commenced operations in late 2004, and became registered with the SEC as an investment advisor in 2005. The General Partner serves as advisor to Merritt Capital Partners LP (the “Partnership”); a Delaware limited partnership which operates as a diversified multi-strategy “fund of funds”. Merritt Capital Offshore Advisors, LLC (“Offshore Advisors”), a Delaware limited liability company was organized in 2005 to manage the affairs of Merritt Capital Offshore Ltd (“MCOL”), an offshore feeder fund of the Partnership organized under the laws of the Cayman Islands. The Partnership and MCOL are sometimes referred to individually as a “Fund” and collectively as the “Funds”, and the General Partner and Offshore Advisors are sometimes referred to individually as a “Manager” and collectively as the “Managers”.

E. Robert Cotter and Louis S. Wolfe are the principals and managing partners of the General Partner. The two principals, together with Nathan Thomas Kirkpatrick, Co-Chief Investment Officer, and Mary Johanna Dyer, Managing Director serve as voting members of the Investment Committee, as further described herein. The Funds depend upon their expertise in and knowledge of the financial services sector to achieve their objectives.

E. Robert Cotter, born in 1951, has been engaged in the financial services sector for over thirty years. From 1977 to 1994 he worked for The First Boston Corporation and Credit Suisse First Boston where he was appointed a Managing Director in 1986 and Head of the Mergers & Acquisitions Group in 1988. He joined Salomon Brothers Inc and its successor, Citigroup, in 1994 and served as Co-Head of its Global Mergers and Acquisitions Group and was a member of the Investment Banking Management Committee. In 2000 he joined Deutsche Bank as Head of its Global Mergers and Acquisitions Group and was appointed Co-Head of Global Corporate Finance in 2001. While at Deutsche Bank he served as a member of the bank's Group Executive Committee.

Mr. Cotter graduated from Princeton University receiving an A.B. degree with honors in Economics in 1973. He received his M.B.A. with honors from the Harvard Graduate School of Business in 1977. He is a former member of the Princeton University Bendheim Center for Finance Advisory Council.

Louis S. Wolfe, born in 1950, has spent over thirty years in the financial services industry, the majority of which was spent with Mellon Bank, Salomon Brothers Inc and Merrill Lynch & Co. He joined Salomon Brothers Inc in 1983 and was appointed a Managing Director in 1992. He joined Merrill Lynch & Co. in 1992 where he was Co-Head of the Financial Institutions Group from 1997 to

2000 and subsequently was Head of Investment Banking in AsiaPacific/Australasia. In both positions he was a member of the Investment Banking Executive Committee. In 2002, he joined Mr. Cotter at Deutsche Bank as Managing Director and Chairman of its global financial institutions practice where he was also a member of the North American Corporate Finance Management Committee. Mr. Wolfe left Deutsche Bank in early 2005 to found Merritt Capital with Mr. Cotter.

Mr. Wolfe graduated from the University of Pennsylvania in 1972 receiving a B.A. degree. He received his M.B.A. in Business Finance from the Wharton School of the University of Pennsylvania in 1973.

N. Thomas Kirkpatrick, born in 1955, has over 34 years of investment experience including 20 years of researching and managing hedge fund portfolios. Prior to joining Merritt Capital in January 2015 as Co-Chief Investment Officer, Tom acted as a Senior Advisor and consultant to the firm for nine months starting March 2014. From 2000 to 2012, Tom was a Senior Investment Officer, appointed a Managing Director in 2006, and was a member of the Investment Committee with the UBS O'Connor Multimanager team that subsequently became Alternative Investment Solutions (AIS), a subsidiary of UBS Alternative & Quantitative, LLC. AIS managed peak assets of \$48 billion in bespoke and co-mingled multimanager hedge fund portfolios where, among his other duties, Tom was responsible for the global equity long/short research effort consisting of manager due diligence, selection and monitoring. Prior to joining UBS, he was Vice President of Lookout Mountain Capital, Inc. from 1994 to 2000. There he co-managed a portfolio of hedge funds while overseeing hedge fund manager research. In addition, he was contributing editor to *the Lookout Mountain Hedge Fund Review*, a hedge fund research publication.

Tom holds a BS in Environmental Chemistry from the University of Tennessee at Chattanooga.

Mary Johanna Dyer, born in 1968, has eighteen years of experience working in the financial services industry. She spent eight years with TD Securities (USA) LLC, a division of the Toronto Dominion Bank Financial Group where she began as an Associate in the U.S. Media and Telecom, Structured Finance Group. Ms. Dyer subsequently transferred to the Mergers and Acquisitions Group within U.S. Media & Telecom and was promoted to Vice President. In her last year at TD Securities she served as Vice President and Manager of the U.S. Media and Telecom Group. She joined Merritt Capital in September 2005. Prior to entering the financial services industry, Ms. Dyer was the Chief Information Officer for Clark Security Products in San Diego, CA.

Ms. Dyer graduated from the College of William & Mary with a B.A. in 1991, and earned an M.B.A. at Georgetown University's McDonough School of Business in 1998.

2. FEES AND COMPENSATION

The General Partner is paid an asset fee (the "Asset Fee") on the first day of each Fiscal Quarter equal to three hundred seventy-five thousandths of one percent (0.375%) of each Limited Partner's closing capital account as of the last day of the preceding Fiscal Quarter. Similarly, Offshore Advisors is paid an Asset Fee on the first day of each Fiscal Quarter equal to three hundred seventy-five thousandths of one percent (0.375%) of each MCOL shareholder's net asset value as of the last day of the preceding quarter. The Funds bear normal operating expenses, including legal and accounting fees. They also bear their pro rata share of the expenses of the underlying funds in which they invest, including brokerage and custody costs. Fees are deducted from client asset accounts; clients are not billed for fees incurred.

Managers, in their sole discretion, may waive, or charge a lesser Asset Fee.

3. PERFORMANCE BASED FEES

The Managers do not charge a performance fee, and consequently, do not have a hurdle rate or a high water mark.

4. TYPES OF CLIENTS

The Manager's clients consist of the Funds. The Funds are not registered as investment companies under the Investment Company Act of 1940, as amended (the "1940 Act"). The Funds are open to investors who are "qualified purchasers" as defined under Section 2(a)(51) of the 1940 Act and rely on the exemption from registration provided in Section 3(c)(7) of the 1940 Act. Investors in the Funds must also be "accredited investors" as defined in Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), and a "qualified purchaser" as defined in Section 2(a)(51) of the 1940 Act.

Investors in the Partnership include accredited individual investors, family offices, and partnerships, among others. Investors in MCOL include tax exempt entities such as employee benefit plans, foundations and endowments, other charitable organizations, as well as non-US investors. The Managers, in their sole discretion, may decline to admit a prospective investor for any reason or for no reason, even if the prospective investor satisfies the Funds' suitability criteria.

The minimum investment in the Funds is \$1,000,000, though the Managers, in their sole discretion, may waive this requirement.

5. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK

The Managers seek to achieve compelling risk adjusted returns by investing the Fund in fundamentally driven managers. Investments in the Funds are speculative and involve a substantial degree of risk, including the risk that an investor could lose some or all of its investment in the Funds. An investment in the Funds should only be made after consulting with independent, qualified sources of investment, legal, tax, accounting and other advice.

Please see the Partnership's Confidential Private Placement Memorandum and MCOL's Explanatory Memorandum for a discussion of the risks inherent in investing in the Funds.

Strategy and philosophy

The Funds' investment mandate is defined by certain principles: (1) the preservation of capital, (2) targeting a premium, risk-adjusted return to major market indices over a market cycle, and (3) investing with "best in class", fundamentally driven managers. Although the particular strategy employed by a manager is important in manager selection, the "quality" of the manager is of paramount importance. Further to these principles, the Funds' investment strategy is guided by the following: (a) development of a portfolio that is broadly diversified; (b) a focus on liquidity at the manager and portfolio level; (c) the avoidance of "third party" leverage at the portfolio level and limiting leverage at the manager level; (d) a focus on investing in strategies we understand; and (e) investing with managers that share our philosophy.

Manager Selection and Due Diligence

New managers are sourced through reliable references and contacts throughout the financial industry; however, they predominantly come from existing manager referrals, existing Fund investors, or other high quality funds of funds that we know personally. Such referrals and references help satisfy the "integrity hurdle". Once identified, our manager diligence process can take up to a year to complete and will typically include multiple onsite visits with the portfolio manager and members of the investment and operations teams. In addition, key service providers are interviewed; third party reference checks are completed; a complete review of all fund documentation occurs; and an independent background check is ordered on the manager. The fund manager is ranked by our proprietary Merritt Manager Assessment Tool (MMAT) which evaluates a manager on a quantitative and qualitative basis against its peers. Current managers are also evaluated on a regular basis through MMAT.

In addition to MMAT, all prospective and current managers may be assessed via the following: back testing analysis, correlation analysis, holdings concentration analysis, benchmarking analysis, and attribution and exposure analysis.

Investment Committee

The Investment Committee is comprised of E. Robert Cotter, Managing Partner; Louis S. Wolfe, Managing Partner, N. Thomas Kirkpatrick, Co-Chief Investment Officer and Mary Jo Dyer, Managing Director.

By policy, each member of the Investment Committee has an equal vote. Changes to the portfolio, including subscriptions and redemptions, require a majority vote. E. Robert Cotter, as Co-Chief Investment Officer, is Chair of the Committee and has primary responsibility for initiating investment ideas and the investment and monitoring process of the portfolio.

The Investment Committee meets at least monthly. As a small and close knit group, the Committee meets informally on a more frequent basis, with due diligence and monitoring responsibilities of the portfolio distributed among the four voting members of the Committee. Formal due diligence meetings with our managers are conducted at least annually, and more frequently with our bottom quartile performers. Investment ideas, themes and new managers are discussed in Investment Committee meetings. Allocation decisions are approved in meetings of the Investment Committee and are dictated by investment guidelines which are discussed below.

Investment Guidelines

The Partnership and MCOL, through its investment in the Partnership, are multi-strategy funds of funds with an objective of having at least fifty percent of their assets with long/short equity managers, and the balance invested with distressed, event driven, macro, and/or multi-strategy managers. The Funds do not employ “third party” portfolio leverage in their investment strategy but the Partnership does maintain a line of credit to facilitate fund flows. In addition, the Funds attempt to minimize exposure to managers who employ significant amounts of leverage, other than through short positions. The Funds generally target managers with a minimum two to three year track record and generally invest in managers with over \$500mm in assets under management. As a guideline, the Funds may invest up to ten percent of their capital in “emerging” managers. An emerging manager is defined as a fund with assets under management of less than \$500mm or less than a one year performance record as an independent manager. The emerging manager allocation is reserved for those managers the Investment Committee believes will be “best in class” managers of the future.

The Funds target a portfolio of approximately 20-25 managers. The top 5 managers (based on allocation) are the core of the portfolio, averaging approximately 40% - 50% of the assets. The top 10 managers are allocated up to approximately 75% of assets on average.

Typically, no single fund may control more than approximately 15% of the Funds' assets, and single fund family exposure is limited to approximately 20% of assets. Normally initial allocations are sized at 3% or less of assets under management. Subsequent allocations are guided by MMAT along with the Managers' investment outlook, fund performance and allocation objectives.

Investment Valuation

In 2008, the Funds adopted the Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. In 2009, the Financial Accounting Standards Board ("ASC") reorganized and codified accounting pronouncements. ASC Topic 820 replaced SFAS No. 157. Fair value is defined in ASC 820 as the "price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." The Funds adhere to these guidelines.

As fund of funds, the Funds rely on the accuracy and completeness of our fund managers' audited Financial Statements, including the fair value of financial instruments calculations. We also review and rely on our fund managers' investment and valuation policies, as defined in their audited Financial Statements. These valuation policies are typically reviewed and approved on an annual basis by valuation committees, and are commonly reviewed on a periodic basis in the event of a material change in the composition of investments of a fund, or a material event that affects availability of pricing sources used to value investments. On an ongoing basis, we review individual fund manager monthly statements and returns, and the independent valuation and review of this information by their third party administrators. Finally, the Funds' current administrator, Citi Hedge Fund Services, provides independent third party verification of fund investment positions and monthly returns. Citi is also responsible for issuing statements to our investors on a monthly basis.

Other than cash, all of our investment accounts are in the form of limited partnership interests in hedge fund vehicles. During the year, the value of these interests are based upon monthly estimates received from hedge fund managers and estimated capital account balances typically received on a monthly basis. We typically receive performance estimates several days following month end and capital account balances within thirty days. In both cases these estimated "valuations" are generated by our fund managers who manage the hedge fund vehicles. Their valuation processes vary, with

some recording the value of certain assets at the lower of cost or impaired value, while other assets, in line with accounting standards, are recorded at current market value as determined by various valuation methodologies. Occasionally a few fund managers may trade or maintain small inventories of securities that are illiquid or thinly traded and may be difficult to value, especially during periods when liquidity is constrained. These funds have independent third parties review and/or value positions that may have a limited market. Based on our communication with our managers we believe their valuation methodologies to be conservative.

Generally, all of our managers employ an industry standard written pricing and valuation methodology conducted by known third party administrators. These valuations are also independently verified on an annual basis by the fund managers' outside accountants in the preparation of K-1 statements and through the hedge fund vehicles annual independent audit.

Risk management tools

Diversification by manager, strategy, industry sector and geography are the most important elements of risk management. We use **Backstop Solutions** and **Excel** to calculate various volatility, risk-adjusted return, correlation measures and attribution analyses and compare our portfolio against major market, hedge fund, and fund of fund indices. We receive quarterly portfolio reviews from all of our managers, and monthly reviews from managers representing the vast majority of our capital. Information, while varied, typically includes gross and net exposures, portfolio allocations by sector and geography and performance attribution. We also perform a quarterly review of 13-F filings by our managers to monitor our exposure to individual positions. Furthermore, we update our proprietary MMAT analysis periodically for every manager in our portfolio. Finally, we maintain a portfolio-level liquidity analysis to monitor our liquidity profile, which is reviewed during each Investment Committee meeting.

6. DISCIPLINARY ACTION

Neither the Managers nor any of their respective principals or employees has been the subject of any material legal or disciplinary action.

7. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

There are no material affiliations or activities that would negatively impact clients or create a material conflict of interest with clients. As noted above, the Managers are affiliated with the Funds.

8. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The General Partner's Code of Ethics (the "Code") is designed to help ensure that we conduct our business consistent with high standards of personal and professional conduct, and that we are in compliance with relevant federal and state securities laws. Offshore Advisors, as an affiliate of the General Partner, abides by the Code as well. A copy of the Code of Ethics is available upon request.

As a registered investment adviser, the General Partner and its employees owe a fiduciary duty to our investors that require each of us to place the interests of our investors ahead of our own interests. A critical component of our fiduciary duty is to avoid potential conflicts of interest. Accordingly, we avoid activities, interests, and relationships that might interfere or appear to interfere with making decisions in the best interests of investors in our Funds and other advisory clients.

The Code is also designed to address and avoid potential conflicts of interest relating to personal trading and related activities and is based on three underlying principles:

- (1) Employees must at all times place the interests of our investors first. In other words, as a fiduciary, each employee must scrupulously avoid serving his or her own personal interests ahead of the interests of our investors.
- (2) Employees must make sure that all personal securities transactions are conducted consistently with the Code and in such a manner as to avoid any actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility.
- (3) Employees should not take inappropriate advantage of their positions. The receipt of investment opportunities, perquisites, or gifts from persons seeking business with the Funds or the Manager could call into question the exercise of the employee's independent judgment.

Employees must pre-clear equity transactions with the Chief Compliance Officer who may deny permission to execute the transaction. All employees are required to disclose their holdings upon

commencement of employment and on an annual basis thereafter. All employees are also required to provide either monthly brokerage statements or duplicate trade confirmations.

9. BROKERAGE PRACTICES

Our underlying fund managers make all of the decisions to buy and sell securities and they direct the brokerage for their funds. The Funds do not have any influence or decision making capability in the selection of broker-dealers. As funds of funds, the Funds do not utilize or maintain relationships with broker-dealers for client transactions.

10. REVIEW OF ACCOUNTS

As soon as possible after the close of each fiscal year, subject to the availability of sufficient data from the fund managers, investors will receive a report prepared and audited by a firm of independent accountants selected by the Managers, setting forth the assets and liabilities of each Fund for the relevant fiscal year and the Profit or Loss for such fiscal year. The General Partner will also provide to each investor a statement of the investor's closing basic capital account and any special capital accounts for such fiscal year as well as such investor's opening basic capital account and any special capital accounts. The General Partner will mail to each investor a Schedule K-1 setting forth the amount of such investor's share in the Partnership's taxable income, deduction, gain, loss and credit for each fiscal year, all in sufficient detail to enable each investor to prepare his or her federal, state and other tax returns. Offshore Advisors will forward similar account statements to investors in MCOL at the same time as discussed above.

Within 30 days after the end of each month or as soon as practicable thereafter, investors will receive a statement setting forth the net asset value of the investors' account, all net of fees and expenses and on an unaudited basis. Capital account statements are prepared, reviewed and posted by the current Fund administrator, Citi Hedge Fund Services, Canada. Capital account statements are posted on the Citi investor website, or upon request, are available in paper format.

The Managers will send monthly reports to investors that will include estimated net monthly and year to date change in the net asset value of each Fund.

11. CLIENT REFERRALS

The Managers have entered into a marketing agreement with Carolina Financial Group. In the event of placement of appropriate investors in the Fund(s) by Carolina Financial, Carolina Financial would be compensated by the Managers at an agreed upon rate.

12. CUSTODY

The Managers satisfy their regulatory obligations with respect to custody of client assets by providing investors in the Funds with audited financial statements for each Fund.

13. INVESTMENT DISCRETION

The Managers exercise investment discretion over the Funds managed by them pursuant to authority established through the Limited Partnership Agreement of the Partnership and the Articles of Association of MCOL, as well as subscription documents completed and signed by each investor.

14. VOTING CLIENT SECURITIES

As funds of funds, the Funds do not directly invest in public securities, and therefore do not receive proxy solicitations and do not vote with respect to any such securities.

15. FINANCIAL INFORMATION

Not applicable.