

Meru Capital Group, LP

Firm Brochure

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This brochure provides information about the qualifications and business practices of Meru Capital Group, LP (referred to in this brochure as “Meru Capital”). The information in this brochure has not been approved by or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Item 2. Material Changes

Meru Capital is required to identify and discuss any material changes made to this brochure since Meru Capital's last annual update, which was filed on March 28, 2014.

Meru Capital revised its responses to Items 4,5,6,7,8,11,13,15,16 & 17 to include disclosures relating to advising managed accounts.

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Item 4. Advisory Business

Meru Capital is an investment adviser with its principal place of business in New York, NY.

Meru Capital was formed on June 24, 2009. Meru Capital began advising its first client on December 1, 2009. Its principal owner is Guru Ramakrishnan who also serves as the Chief Investment Officer for the Meru Hedge Funds (as defined below).

Meru Capital provides its advisory services on a discretionary basis to its clients which include organizations with separately managed accounts and private pooled investment vehicles intended for sophisticated and institutional investors (when referred to collectively, all the pooled investment vehicles managed by Meru Capital are called the “Meru Hedge Funds”). Meru Capital, as of December 31, 2014, has approximately \$611 million of client net assets under management and \$585 million of regulatory assets under management, all of which are managed on a discretionary basis.

Meru Capital generally has broad and flexible investment authority with respect to its clients subject to the investment objectives, policies and restrictions set forth in the governing documents for each client (a confidential private offering memorandum or confidential explanatory memorandum provided to each investor in the case of the Meru Hedge Funds; or an investment management agreement in the case of the managed accounts).

Meru Capital may employ different investment strategies for different clients and as such manages clients’ portfolios to meet the needs of the particular client. For example, certain clients may utilize different leverage and/or risk parameters, they may have restrictions on the types of assets that may be owned or they may have different investment objectives or guidelines. Meru Capital may tailor its advisory services for its clients however, clients may not impose restrictions, other than any that may be included in such clients’ governing documents, on investing in certain securities or certain types of securities.

Item 5. Fees and Compensation

Advisory Fees and Compensation.

Meru Capital charges the Meru Hedge Funds clients an investment management fee calculated at a quarterly rate of 0.375% based on the value of the client’s net assets under management. Investment management fees are charged each quarter in advance based on the total net asset value of the client’s account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents, accrued interest and accrued incentive allocation if any) on the first day of the quarter. Investment management fees for the Meru Hedge Funds are not negotiable.

If a new client account is established during a quarter, or a client makes an addition to its account during a quarter, the investment management fee will be charged as of the effective date of the investment management agreement or the date of the additional contribution based on the value of the assets as of the applicable date and will be prorated for the number of days remaining in the quarter.

Meru Capital, or a related person of Meru Capital, may be allocated a performance-based allocation by the Meru Hedge Funds clients. This allocation is determined at the end of each

calendar year, or upon a termination or withdrawal of assets, using a fixed percentage based on a share of the net profits of each client account. The performance-based allocation is 20% of the net profits of the applicable Meru Hedge Fund. The amount of this performance-based allocation is not negotiable.

Management and performance fees with respect to any managed accounts are individually negotiated and established pursuant to each managed account's governing documents. Such fee rates do not exceed the amount charged to the Meru Hedge Funds clients.

Meru Capital, in its sole discretion, may waive or reduce management fees for current and former employees and affiliates of Meru Capital.

Payment of Fees.

Investment management fees are deducted directly from the Meru Hedge Funds clients' accounts by the administrator from the custodian accounts and performance-based allocations are allocated from the clients' accounts to a related person of Meru Capital.

Fees with respect to any managed accounts are paid pursuant to each managed account's governing documents.

Other Fees and Expenses.

In addition to paying investment management fees and performance-based allocations as described above, client accounts will also be subject to other operating and investment expenses. For the Meru Hedge Funds, these expenses will include (if applicable):

- legal, compliance, regulatory, administrator (including middle and back-office services), tax, audit (including custody audit, if applicable) and accounting expenses (including third party accounting services) to the extent such services are related to the Meru Hedge Funds;
- shareholder proxy voting services;
- organizational expenses;
- investment expenses such as commissions, non-exclusive consulting fees, research fees and expenses (including reasonable research-related travel, meals and lodging);
- Bloomberg, Reuters, Markit and such other multimedia, analytical, database and news services and related terminals for delivery of such services;
- expenses incurred in respect of statistical and pricing services, market data, newswire services, periodicals, publications, databases and data services, news and quotation equipment and services and portfolio services and software (including Imagine Software and such other software and technology supporting any executions or risk management of strategies pursued by the Meru Hedge Funds or any affiliated entity);
- interest on margin accounts and other indebtedness;
- borrowing charges on securities sold short;
- custodial fees;
- bank service fees;

- fees charged by any exchange-traded fund or pooled investment vehicle that the Meru Hedge Funds invest in;
- Meru Hedge Funds-related insurance costs (including directors and officers insurance and errors and omissions insurance);
- the Directors' fees and expenses;
- certain extraordinary expenses, such as litigation expenses; and
- any other expenses related to the purchase, sale or transmittal of the assets of the Meru Hedge Funds.

Any Meru Hedge Fund that is a feeder fund will bear its pro rata share of the expenses of any master fund.

Expenses borne by managed accounts are set forth in their governing documents and may include any of the expenses set out above. These expenses generally include at least all custodial and clearing fees, brokerage commissions, interest and withholding or transfer taxes incurred in connection with trading for the managed account. A certain percentage of expenses incurred by Meru Capital in connection with the investment management services provided to its managed account clients are reimbursed quarterly in arrears by Meru Capital's managed account clients, but this reimbursement may be capped. Expenses relating to items that are shared by the Meru Hedge Funds and the managed accounts will be shared on a pro rata basis as determined by Meru Capital in its discretion.

Prepayment of Fees.

Since investment management fees are generally deducted from the Meru Hedge Funds clients' accounts quarterly in advance, clients may obtain a refund of its pro rata portion of the investment management fee if the advisory contract is terminated or a withdrawal is made from the account before the end of a billing period based on the number of days remaining in the billing period.

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

Meru Capital and its investment personnel provide investment management services to multiple clients. Meru Capital, or a related person of Meru Capital, is entitled to receive a performance-based allocation from the Meru Hedge Funds, and performance-based fees from its managed account clients, as set out in the governing documents, but typically will represent up to 20% of net profits. In addition, Meru Capital's investment personnel are typically compensated on a basis that includes a performance-based component.

Meru Capital manages multiple client accounts. Accordingly, Meru Capital has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple client accounts and the allocation of investment opportunities. Meru Capital reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of such similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, Meru Capital's procedures relating to the allocation of investment opportunities require that substantially similarly managed accounts generally participate in investment opportunities pro rata based on asset value, or such equivalent

asset value as set out in the clients' offering materials, to the nearest whole percentage point and wherever possible require that, to the extent orders are aggregated, the client orders are price-averaged. Finally, Meru Capital's procedures also require the objective allocation of limited opportunities (such as initial public offerings and private placements) to ensure fair and equitable allocation among eligible accounts. These areas are monitored by Meru Capital's Chief Compliance Officer.

Item 7. Types of Clients

Meru Capital's clients consist of private pooled investment vehicles and organizations with separately managed accounts.

Any initial and additional subscription minimums for the Meru Hedge Funds are disclosed in the offering documents for each Meru Hedge Fund. Meru Capital has in the past waived, and reserves the right in the future to modify or waive, any such minimum amounts to the extent permissible under applicable law.

Any initial and additional investment amounts for organizations with separately managed accounts are determined on a case-by-case basis.

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

Methods of Analysis and Investment Strategies.

Meru Capital has broad discretion in making investments for its clients. It employs different investment strategies depending upon each client's governing documents.

The investment objective of Meru Capital is to generate positive absolute returns for its clients. Meru Capital seeks to achieve the investment objective through strategic and tactical investments which may be relative value opportunities, or directional trades which may be either long or short. Meru Capital invests the clients' assets primarily in liquid assets across developed and emerging markets. Meru Capital uses a variety of methods and strategies to make interest rate, credit, equity, currency and certain liquid commodity instruments depending upon each client's investment objectives. Meru Capital expects its choice of investments for its clients to be driven by a combination of quantitative and qualitative analysis.

The anticipated holding period for investments will vary from short-term positions, which would be tactical in nature, to longer-term positions, which would be more structural or based on broader themes or fundamental re-pricing or convergence theses.

Meru Capital may have a bias to be either net long or net short over time. However, client accounts may be either net long or net short with respect to the market from time to time.

Meru Capital may employ any of the following strategies:

Equities: Meru Capital typically engages in a broad range of equity investment transactions to establish positions in single stocks and indices based on fundamental and technical analysis. Strategies employed may include relative value investing on a long/short basis, convertible bond arbitrage, option and volatility-based strategies and short term market timing (or short term trading) strategies. Equity, exchange-traded funds or index positions are sometimes held as hedges to equity based strategies as well as to strategies in other asset classes.

Rates: Meru Capital takes positions in global interest rate and foreign exchange (FX) markets. Trading strategies may include establishing yield-curve and spread positions, trading options and other volatility-based instruments, or creating interest rate and FX exposures. The foregoing may be expressed using cash or derivative instruments. While the liquidity characteristics of the underlying instruments are typically high, some of the strategies employed by Meru Capital may require a longer time horizon to realize their desired returns. Some of the strategies employed are global macro in nature, which means that Meru Capital attempts to anticipate global macroeconomic events using discretionary selection methods.

Emerging Markets: In trading or investing around themes based in emerging market countries, Meru Capital invests in strategies using combinations of equities, sovereign and corporate debt, FX and derivative instruments. Meru Capital seeks to profit from long or short positions based on fundamental analysis of obligors, prospects and likely developments in the intermediate term. These strategies may be global macro in nature (see above), or be fundamental value investments where Meru Capital believes the instruments or securities it owns are undervalued by the market.

Volatility: Meru Capital trades volatility-based strategies alongside other investment themes and for the purpose of providing hedge protection for the portfolio. In trading or investing around themes based on volatility, Meru Capital may establish positions in equity or index options or swaps, volatility and variance swaps, convertible bonds, fixed-income options, swaptions, other volatility instruments, FX options or other related instruments. Such instruments may be listed or over-the-counter.

Funds: Meru Capital utilizes other pooled investment vehicles as part of its investment strategies which are generally listed exchange-traded funds (ETFs), mutual or money-market funds, but include other private pooled investment vehicles. In the case of investments in India, Meru Capital invests utilizing a third party pooled investment vehicle which incurs an asset based management fee.

Investing in securities such as those listed above involves a risk of loss that clients should be prepared to bear.

Material Risks (Including Significant or Unusual Risks) Relating to Investment Strategies

The following list is not an exhaustive list. Clients should refer to the offering materials for a more comprehensive list of risks.

Hedging Risks: Meru Capital's hedging techniques involve a variety of derivative transactions. For example, in hedging a portfolio of securities owned in the Meru Hedge Funds, Meru Capital may establish a short position in certain index futures (such as the S&P 500 'e-mini' contract) as a hedge. While this is designed to protect against general market moves, it is possible for both the portfolio of securities and the hedge to lose money. This risk is sometimes referred to as basis risk. Basis risk also exists in hedging interest rate or currency risks. There can be no assurance

that all investment positions are hedged against investment risks or that the hedging strategies will prove successful. The portfolio will always be subject to certain risks that cannot be hedged.

Market Risks: The Meru Hedge Funds' market exposure is cross-asset class (equities, rates, emerging markets, currencies and volatility), with multiple trade ideas implemented across a number of geographical boundaries. Meru Capital broadly diversifies the Meru Hedge Funds in terms of loss scenarios with an opportunistic approach to geographic regions or market segments. Significant moves in the markets in either direction can cause the portfolio to lose money. Meru Capital believes that the greatest number of opportunities, but also the greatest amount of risk, is presented under conditions of moderate volatility with medium/high return environments. Conversely, low volatility, low return environments are expected to present fewer opportunities.

Concentration Risks: With respect to geographical concentration, generally up to 50% of aggregate undiversified country risk may be allocated to emerging markets in at least five countries. Although it is not a limit, generally, no single position will be greater than 15% of aggregated undiversified portfolio position risk (measured at the time of investment). With respect to individual positions, Meru Capital expects to hold mainly positions which can generally be liquidated in the course of a day. In holding any position, however, there is a risk that there will be no bids or offers for the instrument and that there is no liquidity in the market. Furthermore, any level of concentration can cause a liquidating sale or purchase to have a material effect on its price and potentially thereby on the portfolio as a whole.

Leverage Risks: Meru Capital uses leverage in the implementation of its investment strategies. The use of leverage can increase volatility of the portfolio and can magnify losses.

Short-selling Risks: Meru Capital carries short positions and is subject to the risk that the borrowed security used to deliver under the short position is no longer available. This can happen at a time not favorable to the clients' position and at a time when many other short sellers are also being required to return shares creating a "short squeeze". Short positions are always subject to the risk that the price rises both rapidly and without effective limit.

Investment Process Risks: In its use of qualitative and quantitative methods to evaluate investment opportunities, the fund is subject to the risk of errors. These errors may arise from the data itself, from the way the data is used or interpreted, or in the models used to evaluate the data. Furthermore, in exercising judgment as to when to use either qualitative or quantitative methods, Meru Capital is using its discretion and may do so in error subjecting the fund to risk.

Risks Associated With Those Types of Securities that are Generally Used by Meru Capital (Including Significant or Unusual Risks)

Derivatives. Meru Capital uses listed and over-the-counter derivative instruments, futures, forwards, options, swaps, swaptions, caps, floors and any other derivative instruments deemed appropriate by Meru Capital. Meru Capital uses derivatives for many purposes including, but not limited to, taking a position in an investment, hedging an investment, obtaining leverage and any other reason deemed appropriate by Meru Capital. Because derivatives generally have inherent leverage (for example futures contracts where the margin required by the exchange is a fraction of the notional amount of the contract) it is possible to lose more than you are required to post as collateral against the instrument. In the case of over-the-counter derivatives there are two significant risks generally not found in exchange listed derivatives. First, because the fund will face a bank or broker-dealer rather than an exchange based clearing house, there is additional risk

that the counterparty the fund faces is unable to meet its obligations to the fund under the contract. Secondly, because the contract is bilateral, the fund ultimately either has to terminate the contract with the counterparty it faces, or put on an offsetting position with another counterparty. To the extent the fund has to do the latter, it creates additional exposure and risk for the fund.

Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Non-U.S. Securities. Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

Emerging Markets. The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

Fixed-Income and Debt Securities. Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject a client's portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

Commodity Futures and Options. Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a pooled investment vehicle engaging in

commodity futures trading. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to such a pooled investment vehicle. Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

Item 9. Disciplinary Information

In September 2013, Meru Capital entered into a negotiated settlement with the SEC relating to two occasions, one in December 2009, the other in November 2011, where Meru Capital was alleged to have bought offered shares from an underwriter or broker or dealer participating in a follow-on public offering after having sold short the same security during the Rule 105 (of Regulation M) restricted period. Meru Capital agreed to the terms of the settlement, without admitting or denying any wrongdoing, and paid the full amount of the \$262,616 profit disgorgement, prejudgment interest of \$4,600.51 and a civil money penalty in the amount of \$131,296.98. Meru Capital has since put in place further policies and procedures to protect against future inadvertent Rule 105 violations and provided copies thereof to the SEC in connection with this settlement.

Item 10. Other Financial Industry Activities and Affiliations

This Item is not applicable.

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

Code of Ethics.

Meru Capital has adopted a Code of Ethics (the “Code”) that obligates Meru Capital and its members, partners, investment professionals and other employees (collectively referred to as “Employees”) to serve in the best interests of Meru Capital’s clients, to put the interests of Meru Capital’s clients before their own interests, and to act with integrity, competence, diligence, response and in an ethical manner with the public, clients and prospective clients. Employees must also act in compliance with federal securities laws at all times. Employees are required to annually acknowledge, and perform their duties in compliance with, the Code.

Employees are required to obtain approval if they wish to serve as a director or trustee of unaffiliated for-profit and non-profit organizations.

Copies of these documents will be provided to any clients or potential clients upon request.

Investing in Securities Recommended to Clients.

Meru Capital or its Employees may invest in the same securities (or related securities, e.g., warrants, options or futures) that Meru Capital or a related person recommends to clients. Such practices present a conflict where, because of the information a Meru Capital Employee has, Meru Capital or its Employees are in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit

from any price movements due to the clients' trades). In addition to affecting Meru Capital's or its Employees' objectivity, these practices by Meru Capital or its Employees may also harm clients by adversely affecting the price at which the clients' trades are executed. Meru Capital has adopted the following procedures in an effort to minimize such conflicts: The Code includes a personal trading policy which places restrictions on personal trades by Employees. Employees are required to disclose their personal securities holdings and transactions to Meru Capital on a periodic basis. Employees are required to pre-clear certain securities transactions with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will present a conflict of interest with respect to one of Meru Capital's clients.

Since Employees are permitted to engage in personal trading, this activity may give rise to actual or potential conflicts of interest. For example, if an employee buys or sells a security for his/her own account, and such security is held in a Client account, the action of the employee may affect the price of such security which could affect the value of a Client's account. These activities may also involve trades done at different times and different prices than those done in a Client's account. Such trades may be appropriate for a Client's account, and yet not be done for a Client's account at all.

Conflicts of Interest Created by Contemporaneous Trading by Meru Capital.

Meru Capital or its related persons may from time to time recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that Meru Capital or Employees buy or sell the same securities for its own account. In accordance with the procedures described above, Meru Capital has taken certain measures to minimize the conflicts stemming from situations where the contemporaneous trading might result in an economic benefit for Meru Capital or its Employees to the detriment of the client. In addition, Meru Capital has adopted the aggregation policies and procedures discussed in Item 12.

Conflicts of Interest Created by Advising Multiple Client Accounts.

Meru Capital or its related persons may encounter potential conflicts of interest in allocating their time between management of the various clients' assets in allocating investment opportunities among its clients and in effecting transactions for its clients.

Meru Capital may manage separate accounts or other pooled investment vehicles that invest *pari passu* with, or employ a similar investment strategy as, or carry investments owned by other clients. Some such managed accounts may have the ability to withdraw capital from their respective accounts on shorter notice than other clients. Such ability to withdraw capital on shorter notice could have an adverse impact on the Meru Hedge Funds or their investors.

In other circumstances, as a result of the investment objective, guidelines, or other such provisions in a particular client's governing documents, Meru Capital may manage separate accounts or other pooled investment vehicles that expressly do not invest *pari passu* with other clients. In such cases, Meru Capital may recommend and invest in a transaction in which one or more of its other clients may already have an investment or may have an interest in an opposing position to that recommended for such client. This could have an adverse impact on such clients' accounts.

Item 12. Brokerage Practices

Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

Meru Capital considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and offering to Meru Capital on-line access to computerized data regarding a client's accounts. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, Meru Capital need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not Meru Capital's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. Meru Capital's Chief Compliance Officer periodically reviews the choice of broker-dealers used by Meru Capital to execute client trades.

One or more of Meru Capital's prime brokers has or may in the future purchase interests in a Client account. Due to the fact that these prime brokers have or may purchase interests in such account, the use by Meru Capital of such broker and/or its affiliates for prime brokerage and other services could be considered a conflict of interest. However, none of the prime brokers or their affiliates or employees own any beneficial interest in Meru Capital, and nor is Meru Capital paying or will pay any fees to such brokers in consideration for any investment they have or may make.

Research and Other Soft Dollar Benefits.

Meru Capital receives research or other products or services other than execution from broker-dealers in connection with client securities transactions. This is known as a "soft dollar" relationship. Except for services that would be an expense of a client account or as otherwise described below, Meru Capital will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). The use of commissions arising from a client account's investment transactions for services other than research and brokerage will be limited to services that would otherwise be an expense of such client account.

The Chief Compliance Officer periodically reviews its soft dollar practices to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or Meru Capital's overall responsibilities to the accounts or portfolios over which Meru Capital exercises investment discretion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, Meru Capital will not have to pay for the products and services itself. This creates an incentive for Meru Capital to select or recommend a broker-dealer based on its interest in receiving those products and services.

Research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions may be used by Meru Capital in its other investment activities, including, for the benefit of other client accounts.

During Meru Capital's last fiscal year, as a result of client brokerage commissions (or markups or markdowns), Meru Capital and/or its related persons received many of the services listed above, including research reports (including market research) and discussions with research analysts; financial newsletters; software providing analysis of securities portfolios; attendance at certain seminars and conferences and meetings with corporate executives; data services (including services providing market data, company financial data and economic data); and advice from broker-dealers on order execution.

In some instances, Meru Capital may obtain a product or service that is used, in part, by Meru Capital for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, Meru Capital will make a good faith effort to determine the relative proportion of the product or service used to assist Meru Capital in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting Meru Capital in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by Meru Capital from its own resources. The determination of the appropriate allocation of "mixed use" products and services creates a potential conflict of interest between Meru Capital and clients.

Brokerage for Client Referrals.

From time to time Meru Capital may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by Meru Capital or recommend these private funds as an investment to clients. Meru Capital may place client portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if Meru Capital determines that it is otherwise consistent with seeking best execution. In no event will Meru Capital select a broker-dealer as a means of remuneration for recommending Meru Capital or any other product managed by Meru Capital (or an affiliate) or affording Meru Capital with the opportunity to participate in capital introduction programs.

Order Aggregation.

Meru Capital may purchase or sell the same security for its clients contemporaneously and using the same executing broker. It is Meru Capital's practice, where possible, to aggregate these orders. Such aggregation may enable Meru Capital to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction.

When an aggregated order is completely filled, Meru Capital allocates the securities purchased or sold pro rata among the participating client accounts, based on the allocation percentages and/or amounts set out on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, Meru Capital's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to clients. Depending on the investment strategy pursued and the type and quantity of a security, this may result in a pro rata allocation to all or only one of the participating clients.

Item 13. Review of Accounts

Frequency and Nature of Review.

As the implementation of investment strategies requires active management of clients' assets, client accounts are reviewed on an ongoing basis to determine whether securities positions should be maintained in view of current market conditions. Meru Capital uses a trading and risk management system which enables the operations and accounting personnel, the portfolio managers, the Chief Risk Officer and the Chief Investment Officer to review and oversee all trading in client accounts. Client accounts are reviewed through this system daily by the Chief Financial Officer and the operations personnel to ensure that all transactions are allocated and recorded properly. Under the direction of the Chief Financial Officer, daily cash and position reconciliations occur between Meru, the clients' prime brokers and the clients' administrators. The Chief Risk Officer reviews the portfolio daily to monitor and perform various risk analyses.

Factors Which May Prompt a non-Periodic Review of Accounts.

Significant market events materially affecting the value of client accounts may trigger more detailed reviews of client accounts on other than a periodic basis. Such reviews are conducted by the Chief Risk Officer and the Chief Investment Officer.

Content and Frequency of Regular Account Reports.

Clients receive reports from the custodians. A client's investors receive reports from the client administrator or from Meru Capital pursuant to the terms of each client's offering memoranda or as otherwise described in the governing documents relating to the client account. All investors in the Meru Hedge Funds receive a written monthly statement, sent by the funds' administrator and reviewed by the Chief Financial Officer, detailing the increase or decrease in the net asset value of such investor's investment during the preceding month. In addition, as soon as practicable after the end of each fiscal year, and in any event no later than 120 days after the end of the fiscal year, audited financial statements, having been reviewed by the Chief Financial Officer, are sent to investors in the Meru Hedge Funds.

With respect to managed accounts, clients receive such reporting as is set out in their respective governing documents.

Item 14. Client Referrals and Other Compensation

Other than as described in Item 12 with respect to "soft dollar" arrangements, Meru Capital does not use third party marketers.

Item 15. Custody

A related person of Meru Capital (Meru Capital Partners, LLC) may be deemed to have custody of certain Meru Hedge Funds' assets within the meaning of the Advisers Act.

Meru Capital is subject to Rule 206(4)-2 under the Advisers Act, which among other things provides an exemption from such rule for certain pooled vehicles. Each Meru Hedge Fund deemed to have custody avails itself of this exemption because all Meru Hedge Funds (i) are audited annually (and would be upon liquidation) by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight

Board and (ii) distribute their audited financial statements prepared in accordance with generally accepted accounting principles to all investors in such Meru Hedge Fund within 120 days of the end of its fiscal year (or, in the case of liquidation, promptly after the completion of such audit).

Meru does not maintain custody of managed accounts' cash or securities.

Item 16. Investment Discretion

As provided in the governing documents for each client, Meru Capital provides investment advisory services on a discretionary basis to its clients. Please see Item 4 for a description of any limitations clients may place on Meru Capital's discretionary authority.

Meru Capital has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) and (ii) the amount of securities to be purchased or sold for the client account. Meru Capital also has the authority to engage sub-advisers to comply with local legal and/or regulatory requirements. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. Meru Capital allocates securities to (or from) client accounts for each trade/order submitted. Meru Capital may consider the following factors, among others, in allocating investment opportunities among clients: (i) client investment objectives; (ii) investment strategies; (iii) client risk profiles or other risk management consideration; (iv) the amount of capital available for investment; (v) tax considerations; (vi) restrictions placed on a client's portfolio by the client, as set out in the governing documents, or by applicable law; (vii) size, in terms of net asset value, or such equivalent asset value as set out in the clients' governing documents, of the client account; (viii) the current composition of an account; (ix) the desire to increase or decrease the size of a client's portfolio. Although it is Meru Capital's policy to allocate investment opportunities among those client accounts with substantially similar investment objectives on a pro rata basis (based on the value of the client assets, or the fund equivalent value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead Meru Capital to allocate securities to client accounts in varying amounts and even in opposite directions depending upon the circumstances. See Item 12 for a description of the order allocation policy in relation to bunching or aggregating orders.

Allocations will be made among client accounts eligible to participate in initial public offerings (IPOs) and secondary offerings on a pro rata basis, except when Meru Capital determines in its discretion that a pro rata allocation is not appropriate, which may include a client's investment guidelines explicitly prohibiting participation in IPOs or secondary offerings and a client's status as a "restricted person" under applicable regulations.

If it appears that a trade error has occurred, Meru Capital will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, Meru Capital's error correction procedure is to ensure that clients are treated fairly and equitably. Meru Capital has discretion to resolve a particular error in any manner that it deems appropriate and consistent with the above stated policy. In the event that a client account incurs a trade error as a result of Meru Capital's gross negligence or willful misconduct, or violation of the standard of care that is applicable to the client account, Meru Capital will reimburse the client. Trade errors that do not result from

Meru Capital's gross negligence, willful misconduct or other standard of care applicable to the client account are borne by the client account.

With respect to managed accounts, the Chief Investment Officer has the authority, subject to the accounts' governing documents, to delegate responsibility for the investing activities to one or more Meru Capital employees.

Item 17. Voting Client Securities

In the case of the Meru Hedge Funds, Meru Capital has been delegated the authority to vote client securities. Due to the short term nature of most positions, their relatively small size and the fact that Meru Capital will mostly buy securities for its clients when it has confidence in the management of the company it buys securities in, it has instructed its custodians to vote consistent with the recommendations of company management by default. Meru Capital has instituted a policy and procedures around the proxy voting process which includes procedures for voting proxies in a manner inconsistent with company management, which Meru Capital would choose to do if it were deemed materially advantageous for the clients. Clients cannot direct the voting and no material conflict of interest exists.

With respect to managed accounts where Meru Capital has been delegated the authority to vote client securities, the same policies set out above apply.

Upon request, clients may obtain a copy of the proxy voting policies and procedures as well as information regarding how any securities were voted.

Item 18. Financial Information

This Item is not applicable.