



Meritam Investment Advisors, Inc.

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Form ADV Part 2A Wrap Fee Program Brochure

This brochure provides information about the qualifications and business practices of Meritam, a registered investment advisor. Registration does not imply a certain level of skill or training. 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. If you have any questions about the contents of this brochure, please contact us at 612-888-6363 and/or info@meritam.org. Additional information about Meritam also is available on the SEC's website at www.adviserinfo.sec.gov.

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General Description

Meritam's client assets are managed as part of its Wrap Fee Program. A wrap account is a professionally managed investment plan in which all expenses, including brokerage commissions, management fees, and administrative costs, are "wrapped" into a single charge. Meritam's software based financial advisor service charges an annualized fee of 0.25% on a Client's assets under management, as described below.

A. General Description of the Firm

Meritam is an automated investment management service for nonprofits. It was incorporated in June 2015 and is an investment adviser. The company is privately held in New York, NY. Additional information about Meritam's products, structure and directors is provided on Part 1 of Meritam's Form ADV, which is available online at <http://www.adviserinfo.sec.gov>.

B. Describe the types of advisory services you offer

Meritam provides a software based investment advisory service for nonprofits, based on modern portfolio theory. The service recommends target asset allocation, along with specific passive funds (Index based ETFs or mutual funds) to implement the target allocation. Each customized portfolio is designed to be consistent with client's investment objectives and risk tolerances. The company creates an investment strategy by seeking to identify: 1) the optimal asset classes in which to invest, 2) the most efficient ETFs or other investments to represent each of those asset classes, 3) the ideal mix of asset classes based on the Client's specific risk tolerance, and 4) the most appropriate time to rebalance the Client's portfolio. The approach allows clients to capitalize on the low fees offered by passive products, compared to the majority of active and alternative managers. Investment advice is limited to indexed based products.

C. Tailored Services and Investment Restrictions

Meritam tailors its service to the needs of each client. The service will provide target asset allocations based on the organization's responses to an electronic questionnaire. This customized recommendation will be based on the institution's stated risk appetites, target returns and long-term financial goals. If required, special considerations can be made, e.g., spending policy, liquidity needs, etc. Client restrictions on investing in certain securities are not possible at this point as all investments are made via indexed products. Accounts for Clients ("Client Accounts" or "Accounts") are opened and maintained according to a Client Account Agreement ("Account Agreement"), which describes the discretionary authority that a Client grants to Meritam.

D. Wrap Fee Programs

Meritam's client assets are managed as part of its Wrap Fee Program. A wrap account is a professionally managed investment plan in which all expenses, including brokerage commissions, management fees, and administrative costs, are "wrapped" into a single charge. The program provides clients with investment guidance, portfolio management, and brokerage services for one comprehensive fee based on a percentage of individual account assets. There may also be a set-up charge for smaller accounts, currently \$500 for accounts less than \$1,000,000. In order to implement continuous investment advice, the firm provides this Wrap Fee Program only on a discretionary basis.

Typically investment advisors charge a fee that covers managing a portfolio, but not the broker-dealer expenses related to executing trades and keeping custody of client assets. In the typical arrangement, those trading expenses are an additional charge to the client. A wrap fee program is a common alternative to a typical advisory fee structure that provides clients with advisory and brokerage services for one all-inclusive management fee with no additional account activity charges. Meritam is organized as a wrap fee program because it best allows us to achieve our mission of simplifying investing for our clients.

E. Assets Under management

Meritam will manage all client assets on a discretionary basis. It does not manage assets on a nondiscretionary basis. As of July 27, 2015, we do not have client assets.

Item 4 Services, Fees and Compensation

Advisory Services Fees

Meritam is compensated for its advisory services by charging a fee based on the net market value of a Client's Account. Meritam reserves the right, in its sole discretion, to negotiate, reduce or waive the advisory fee for certain Client Accounts for any period of time determined. In addition, Meritam may reduce or waive its fees for the Accounts of some Clients without notice to, or fee adjustment for, other Clients.

Meritam's software based financial advisor service charges an annualized fee of 0.25% on a Client's assets under management. For accounts below \$1,000,000 we may also charge a one-time set up fee of \$500.

Annual fees are charged on a monthly basis as explained below. Fees are calculated on a continuous basis and deducted from Client Accounts each month as follows:

Each month client is charged an advisory fee equal to $1/365$ ($1/366$ on a leap year) of the annual fee rate multiplied by the average net market value of invested assets as of close of the market for each day in the month. This is summed by the number of days in a month your money was with Meritam, to arrive at the fee for the month. The advisory fee is deducted from Client Accounts on the first business day of the following month.

Other Fees

Meritam is a "fee only" investment advisor, and other than fees described above, neither the firm nor its employees receive or accept any direct or indirect compensation related to investments that are purchased or sold for Client Accounts. This means that Clients will not be sold products or services that create additional fees or compensation to benefit Meritam or its employees or its affiliates other than those described in this Brochure and on the Site. However, in addition to advisory fees, Clients may also pay other fees or expenses to third-parties. The issuer of some of the securities or products we purchase for Clients, such as ETFs or other similar financial products, may charge product fees that affect Clients. Meritam does not charge these fees to Clients, and does not benefit directly or indirectly from any such fees. An ETF typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of an ETF may include management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer. Each ETF's current information is available via its prospectus.

Meritam does not charge performance-based fees. Our advisory fees are only charged as disclosed above.

Item 5 Account Requirements and Types of Clients

Meritam provides investment advice for nonprofits. The minimum amount required to open and maintain a Meritam Account is \$300,000. Meritam reserves the right, in its sole discretion, to negotiate, reduce or waive the minimum amount for certain Client Accounts. As a result of the automation associated with offering its services online, Meritam makes it possible for nonprofits to access its service with much lower account minimums than normally available in the industry. Additional requirements for opening an Account with Meritam are described in Item 4, above. At any time, a Client may terminate an Account, or withdraw all or part of an Account. In that case, unless otherwise directed by the Client, Meritam will sell the securities in the Client Account (or portion of the Account, in the case of a partial withdrawal) at market prices at the time of the termination or withdrawal.

Investors evaluating Meritam's software based financial advisor service should be aware that Meritam's relationship with Clients is likely to be different from the "traditional" investment advisor relationship in several aspects: 1. Meritam is a software based financial advisor, which means each Client must acknowledge the Client's ability and willingness to conduct parts of its relationship with Meritam on an electronic basis. 2. To provide its advisory services and tailor its investment decisions to each Client's specific needs, Meritam collects information from each Client, including specific information about the organization's investing profile such as financial situation and investment objectives. Meritam maintains this information in strict confidence subject to its Privacy Policy, which is provided on Meritam's website. When customizing its investment solutions, Meritam relies upon the information received from a Client. Clients may update their account information, which could result in an adjustment to their asset allocation and account holdings. As Meritam follows a passive strategy, Meritam reserves the right to limit adjustments in the account holdings to a quarterly basis. 3. The software based financial advisor service includes preselected ETFs for each asset class within the plan recommended to a Client. Meritam does not allow Clients to select their own ETFs because each ETF and asset class is considered to be part of the overall investment plan.

Item 6 Portfolio Manager Selection and Evaluation

We think that a simpler financial product, with focused options, helps clients center on making clear choices and the best investment decisions. Based on the client input and an advanced algorithm, Meritam seeks to create an individualized investment plan using the optimal asset classes in which to invest, the most efficient and inexpensive ETFs to represent each of those asset classes, and the ideal mix of asset classes based on the Client's specific risk tolerance.

We implement this methodology by recommending a portfolio of broad market index Exchange Traded Funds ("Funds"). Meritam reviews and identifies the most appropriate ETFs to represent each asset class. We look for ETFs that minimize cost and tracking error and offer market liquidity. Many investors do not realize that ETFs do not exactly track the indexes they were created to mimic. Choosing an ETF with a low expense ratio that does not track the asset class recommended by our service runs the risk of sub-optimizing a Client's

portfolio's performance. We choose ETFs that are expected to have sufficient liquidity to allow Client withdrawals at any time.

Methods of Analysis, Investment Strategies and Risk of Loss

For its software based financial advisor service, Meritam provides Clients with financial advice that is based on Modern Portfolio Theory (MPT). MPT attempts to maximize a portfolio's expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by selecting the proportions of various asset classes rather than selecting individual securities.

Historically, rigorous MPT-based financial advice has only been available through high-end financial advisors who typically require minimum account sizes of at least \$1 million and charge annual fees of at least 1% of assets under management. Meritam's goal is to enable nonprofits to access the benefits of MPT. Historically, it was not practical to offer rigorous and complete MPT because delivering a complete solution was too complex and the number of calculations required to identify an optimized asset allocation were into the tens of thousands. Based on the client input and an advanced algorithm, Meritam seeks to create an individualized investment plan using the optimal asset classes in which to invest, the most efficient and inexpensive ETFs to represent each of those asset classes, and the ideal mix of asset classes based on the Client's specific risk tolerance. Meritam does not use portfolio managers per se because it uses an algorithm. Meritam's CEO and industry experts and advisors review the algorithm output and performance.

The algorithm uses the expected return and volatility for each asset class and the covariance among asset classes to find the combination that delivers the highest possible return for a given level of risk. Meritam reviews and identifies the most appropriate ETFs to represent each asset class. We look for ETFs that minimize cost and tracking error and offer market liquidity. Many investors do not realize that ETFs do not exactly track the indexes they were created to mimic. Choosing an ETF with a low expense ratio that does not track the asset class recommended by our service runs the risk of sub-optimizing a Client's portfolio's performance. We choose ETFs that are expected to have sufficient liquidity to allow Client withdrawals at any time.

Meritam offers 'rebalancing' of client portfolios so that in the face of fluctuating market prices each client's portfolio remains controlled to within a narrow range of the Allocation. Meritam recommends rebalancing because it has been shown to improve returns and because it simplifies account management for clients.

Meritam cannot guarantee any level of performance or that any Client will avoid a loss of Account assets. Any investment in securities involves the possibility of financial loss that Clients should be prepared to bear.

Brokerage Practices

Unlike many investment advisors, Meritam does not engage in any "soft dollar" practices involving the receipt of research or other brokerage service in relation to client commission money, nor do we receive any research or other products in connection with Client transactions. Meritam also does not use Client commission money to compensate or otherwise reward any brokers for client referrals.

Custody

Meritam does not maintain custody of any Client funds or securities. The custodian will send monthly account statements via US mail, and clients should carefully review those statements. Only the Broker's (or other third-party's) trading confirmations and statements represent the official records of a Client's Account. If Clients

receive more than one statement, Clients are urged to compare the account statements they receive from the qualified custodian with those they receive from Meritam.

Investment Discretion

Meritam requires that an Account Agreement be completed by a Client who decides to retain Meritam as its investment advisor. Under the terms of the Account Agreement (and by the Client's executing a power of attorney appointing Meritam as the Client's attorney in fact), Meritam assumes discretionary trading and investment authority over the Client's assets held with the Custodian. This means that Meritam is given authority under a power of attorney arrangement to select the timing, size, and identity of securities to buy and sell for the Client. Additional information about the Account Agreement can be found in Item 4 above.

Voting Client Securities

Meritam does not accept authority to vote client securities. Clients who want to vote the securities in their Account must convey their instructions to the custodian of the Account.

Item 7 Client Information Provided to Portfolio Managers

Because Meritam manages all client portfolios directly via its algorithm, client information is shared with Meritam personnel who assist in reviewing, monitoring and administering the Meritam program. There are no conflicts of interest.

Item 8 Client Contact with Portfolio Managers

Clients may contact Meritam by phone during our support telephone hours and via email at all times.

Item 9 Additional Information

Part 2A, Item 9 Disciplinary Information

Like all registered investment advisors, Meritam is obligated to disclose any disciplinary event that might be material to any Client when evaluating our services.

We do not have any legal, financial, regulatory, or other "disciplinary" item to report to any Client. This statement applies to our firm and to every employee of our firm.

Part 2A, Item 10 Other Financial Industry Activities and Affiliations

Meritam utilizes the services of its custodian (e.g. Wells Fargo) to effect transactions on behalf of our Clients.

Part 2A, Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Meritam's paramount ethical, professional, and legal duty is to act at all times as a fiduciary to its Clients. This means that Meritam puts the interests of its Clients ahead of its own, and carefully manages for any perceived or actual conflict of interest that may arise in relation to its advisory services. Meritam maintains a Code of Ethics, which is designed to ensure that we meet our fiduciary obligation to Clients, enhance our culture of compliance within the firm, and detect and prevent any violations of securities laws. A copy of Meritam's Code of Ethics will be provided to any client or prospective client upon request.

Meritam or individuals associated with Meritam may buy or sell securities identical to or different from those recommended to clients for their personal accounts. In addition, any related person(s) may have an interest or position in certain securities, which may also be recommended to a client.

Part 2A, Item 13 Review of Accounts

Meritam personnel conduct only limited, non-periodic individual reviews of client accounts when triggered by certain investment activity and account settings. Meritam provides all Clients with monthly written reports about Account status, securities positions and balances. Clients may also receive periodic e-mail communications describing Account information. Meritam's software based financial advisor service assumes that a portfolio created using MPT-based techniques will not stay optimized over time, and must be periodically rebalanced back to its original targets to maintain the intended risk level and asset allocations.

Part 2A, Item 14 Client Referrals and Other Compensation

Meritam expects from time to time to run promotional campaigns to attract Clients to open Accounts on the Site. These promotions may include additional Account services or products offered on a limited basis to select Clients, more favorable fee arrangements, and/or reduced or waived advisory fees for Clients. Meritam does not currently compensate any person for client referrals.

Part 2A, Item 18 Financial Information

This Item is not applicable because Meritam does not require or solicit the prepayment of any advisory fees, and does not have any adverse financial condition that is reasonably likely to impair our ability to continuously meet our contractual commitments to our Clients.