

FIRM BROCHURE

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ADDITIONAL INFORMATION ABOUT MERITAGE CAPITAL, L.P. ALSO IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

April 24, 2012

Item 2: Material Changes

The date of the last annual update to our firm brochure was March 28, 2012. The material changes that have been made to our firm brochure since the date of our last annual update are set forth below:

- Item 10: Other Financial Industry Activities and Affiliations. On April 2, 2012, Thomas J. Meredith and Alex C. Smith, two of our principals, indirectly acquired a 57% ownership interest in Centennial Partners, LLC (“Centennial”). Centennial currently serves as investment manager to various private pooled investment vehicles that operate as “funds of funds.” Centennial is separately registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and is also registered as a commodity pool operator and commodity trading advisor with the Commodity Futures Trading Commission (“CFTC”). Messrs. Meredith and Smith serve as members of the Board and the Investment Committee of Centennial and expect to be actively involved in the management and oversight thereof. For more information, please see Item 10 of this brochure.

The information set forth in this brochure is qualified in its entirety by the applicable offering materials and governing documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable governing and offering documents, the governing and offering documents shall control.

We encourage all investors to carefully review this document in its entirety.

Item 3: Table of Contents

Item 2: Material Changes.....	2
Item 3: Table of Contents	3
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation.....	6
Item 6: Performance-Based Fees and Side-By-Side Management	10
Item 7: Types of Clients	11
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	12
Item 9: Disciplinary Information	18
Item 10: Other Financial Industry Activities and Affiliations	19
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	20
Item 12: Brokerage Practices.....	22
Item 13: Review of Accounts	23
Item 14: Client Referrals and Other Compensation.....	24
Item 15: Custody	25
Item 16: Investment Discretion	26
Item 17: Voting Client Securities	27
Item 18: Financial Information.....	28
General Information	29

Item 4: Advisory Business

FIRM DESCRIPTION

Meritage Capital, L.P. (“Meritage”), a Delaware limited partnership and private investment advisory firm, was established in May 2003. We provide investment advice to private pooled investment vehicles structured as funds of hedge funds, or “funds of funds,” that invest primarily in other private pooled investment vehicles and separately managed accounts. Our private fund clients also may invest directly in financial instruments. We have full discretionary authority with respect to investment decisions, and our investment advice is provided in accordance with the investment objectives and guidelines set forth in the applicable offering memoranda and governing documents.

PRINCIPAL OWNERS

Our general partners are St. James’s Park Holding, LLC and MFI Capital, LLC, each a Texas limited liability company. St. James’s Park Holding, LLC is owned and controlled by Alex C. Smith, and MFI Capital, LLC is owned and controlled by the Meredith Family Revocable Trust. The Meredith Family Revocable Trust is owned and controlled by Lynn Meredith and Thomas J. Meredith. Each of Mr. Smith and the Meredith Family Revocable Trust also is a limited partner of Meritage Capital, L.P. and owns 49.5% of its limited partnership interests.

TYPES OF ADVISORY SERVICES

Domestic Funds

We and certain of our affiliates serve as general partner(s) of and/or investment manager to various private investment funds organized under the laws of the State of Delaware, including Insignia Legacy Fund, L.P. (the “Legacy Fund”), Insignia Vintage Fund, L.P. (the “Vintage Fund”), Insignia Opportunity Fund, L.P. (the “Opportunity Fund”), Insignia Reserve Fund, L.P. (the “Reserve Fund”), and Insignia Insurance Dedicated Fund, L.P. (the “Insurance Fund,” and collectively with the Legacy Fund, the Vintage Fund, the Opportunity Fund and the Reserve Fund, the “Domestic Funds”). Each of the Domestic Funds is structured as a “fund of funds” and invests primarily in other private investment funds and separately managed accounts managed by third party investment managers. The Domestic Funds may invest directly in financial instruments (including equity securities, exchange traded funds, swaps, futures, options and other derivatives as direct overlays to the underlying portfolios) and in other funds managed by us.

Offshore Funds

In addition to the Domestic Funds, we and certain of our affiliates serve as general partner(s) of and/or investment manager to various private investment funds organized under the laws of the Cayman Islands, including Insignia Legacy Offshore Fund, L.P. (the “Legacy Offshore Fund”) and Insignia Vintage Offshore Fund, L.P. (the “Vintage Offshore Fund”) (Legacy Offshore Fund and the Vintage Offshore Fund collectively referred to as the “Offshore Funds”, and together with the Domestic Funds, the “Funds”). Each of the Offshore Funds also is structured to be a “fund of funds” and invests a substantial portion of its assets in, and conducts a substantial portion of its investment activities through the Legacy Fund and the Vintage Fund, respectively.

Effective December 26, 2008, we initiated a required withdrawal (“Required Withdrawal”) of all investors in the Legacy Fund and the Legacy Offshore Fund (collectively, the “Legacy Funds”). We are currently conducting an orderly liquidation of the assets of the Legacy Funds.

We serve as investment manager with respect to each of the Funds and are responsible for investing and re-investing the assets of each fund in accordance with the investment objectives, policies and guidelines set forth in the applicable offering memoranda and governing documents.

We tailor our advisory services to the individual goals and objectives of each of our clients. Clients generally are not permitted to impose restrictions on investments in certain underlying funds, securities, types of underlying funds or types of securities.

ASSETS UNDER MANAGEMENT

As of December 31, 2011, we had approximately \$195 million in assets under management for seven clients. All of these assets were managed on a discretionary basis.

Item 5: Fees and Compensation

DESCRIPTION OF COMPENSATION AND BASIC FEE SCHEDULE

In consideration of our advisory services, we and/or our affiliates generally are entitled to receive management fees and/or performance-based fees or allocations from each of the Funds with respect to each investor. The fees generally applicable to each Fund and each investor are described in detail in the applicable governing and/or offering documents. A brief summary of our advisory fees is set forth below.

Vintage Funds

With respect to the Vintage Fund and the Vintage Offshore Fund (collectively, the “Vintage Funds”), we are entitled to receive a management fee, payable quarterly in arrears, equal to one quarter of one percent (1% per annum) of the capital account balance of each limited partner.

Pursuant to the partnership agreements of the Vintage Funds, we are entitled to receive a performance allocation equal to ten percent (10%) of each limited partner’s allocable share of net profits for the applicable performance period. Performance allocations are subject to a “high water mark” limitation. As a result, after the first year in which a performance allocation is earned, the performance allocation for later years applies only to the extent that an investor’s pro rata share of net profits, measured on a cumulative basis, for all years since admission exceeds the highest level of cumulative net profits achieved through the close of any prior year since admission.

Opportunity Fund

With respect to the Opportunity Fund (the “Opportunity Fund”), we are entitled to receive a management fee, payable monthly in arrears, equal to one-twelfth of one percent (1% per annum) of the capital account balance of each limited partner.

Pursuant to the partnership agreement of the Opportunity Fund, Meritage SLP, L.P., a Delaware limited partnership and our affiliate (“Meritage SLP”), is entitled to receive a performance allocation equal to ten percent (10%) of each limited partner’s allocable share of net profits for the applicable performance period. Performance allocations are subject to a “high water mark” limitation. As a result, after the first year in which a performance allocation is earned, the performance allocation for later years applies only to the extent that an investor’s pro rata share of net profits, measured on a cumulative basis, for all years since admission exceeds the highest level of cumulative net profits achieved through the close of any prior year since admission.

Reserve Fund

With respect to the Reserve Fund, we are entitled to receive a management fee, payable monthly in arrears, equal to 0.0625% (0.75% per annum) of the capital account balance of each limited partner.

Pursuant to the partnership agreement of the Reserve Fund, Meritage SLP is entitled to receive a performance allocation equal to ten percent (10%) of each limited partner’s allocable share of net profits for the applicable performance period. Performance allocations are subject to a “high water mark” limitation. As a result, after the first year in which a performance allocation is earned, the performance allocation for later years applies only to the extent that an investor’s pro rata share of net profits, measured on a cumulative basis, for all years since admission exceeds the highest level of cumulative net profits achieved through the close of any prior year since admission.

Insurance Fund

With respect to the Insurance Fund, we are entitled to receive a management fee, payable quarterly in arrears, equal to one quarter of one percent (1% per annum) of the capital account balance of each limited partner.

Pursuant to the partnership agreement of the Insurance Fund, we are entitled to receive a performance fee equal to ten percent (10%) of each limited partner’s share of net profits for the applicable performance period. Performance fees are subject to a “high water mark” limitation. As a result, after the first year in which a performance fee is earned, the performance fee for later years applies only to the extent that an investor’s pro rata share of net profits, measured on a cumulative basis, for all years since admission exceeds the highest level of cumulative net profits achieved through the close of any prior year since admission.

Legacy Funds

For all periods after the Required Withdrawal, we have elected to waive management fees with respect to investors in the Legacy Funds.

General

In any fund of funds, there are multiple levels of fees and expenses. Each of the underlying funds and accounts generally impose management fees and other administrative fees and expenses. Many underlying funds and accounts also impose performance-based fees or allocations on realized and unrealized appreciation in the value of managed assets or other income.

Each investor in the Funds is required to be, among other things, a “qualified purchaser” as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended.

Our advisory fees with respect to each Fund and each investor generally are negotiable, and we have in the past agreed to a reduction of the management fees with respect to certain investors. We may enter into side letters or similar arrangements in the future with certain investors that grant different terms (including lower fees) to such investors than the terms generally applicable to other investors. Certain of our affiliates, including our employees, generally are not charged management fees and are not subject to any performance-based allocations or fees.

PAYMENT OF FEES

Vintage Funds

Management fees are payable by investors quarterly, in arrears, as of the last business day of each calendar quarter. Management fees are deducted directly from the capital account of each investor on the last business day of each calendar quarter.

Performance allocations are calculated and allocated as of the end of each fiscal year (and at such other times as set forth in the applicable partnership agreement). Performance allocations are allocated directly from the capital account of each applicable investor.

Opportunity Fund

Management fees are payable by investors monthly, in arrears, as of the last business day of each calendar month. Management fees are deducted directly from the capital account of each investor on the last business day of each calendar month.

Performance allocations generally are calculated and allocated as of the end of each fiscal year (and at such other times as set forth in the applicable partnership agreement). With respect to certain illiquid assets or securities (“Designated Investments”), performance allocations are calculated and allocated as of the end of each fiscal period in which a “recognition event,” as such term is defined in the applicable partnership agreement, relating to such Designated Investment occurs, as described in the applicable partnership agreement. Performance allocations generally are allocated directly from the capital account of each applicable investor.

Reserve Fund

Management fees are payable by investors monthly, in arrears, as of the last business day of each calendar month. Management fees are deducted directly from the capital account of each investor on the last business day of each calendar month.

Performance allocations are calculated and allocated as of the end of each fiscal year (and at such other times as set forth in the applicable partnership agreement). Performance allocations are allocated directly from the capital account of each applicable investor.

Insurance Fund

Management fees are payable by investors quarterly, in arrears, as of the last business day of each calendar quarter. Management fees are deducted directly from the capital account of each investor on the last business day of each calendar quarter.

Performance fees are calculated and paid as of the end of each fiscal year (and at such other times as set forth in the applicable partnership agreement). Performance fees are deducted directly from the capital account of each applicable investor.

OTHER FEES AND EXPENSES

In addition to management fees and performance-based allocations and fees, each Fund generally bears (and reimburses us for) all costs and expenses relating to the Fund's activities including, without limitation, (i) legal, auditing and accounting expenses (including the maintenance of books and records), (ii) costs for the preparation of the Fund's financial statements, tax returns, and Schedule K-1s, (iii) expenses of the meetings of the investors, if any, (iv) interest expense and other expenses associated with the acquisition, holding and disposition of investments (including management fees and performance-based allocations and fees charged by any underlying funds and accounts), (v) extraordinary expenses, such as litigation, and (vi) any fee payable to a third party administrator or any other third-party service provider retained to provide services to the Fund. Each Fund generally is responsible for and pays all brokerage and custodial fees. See Item 12 below.

TERMINATION OF ADVISORY SERVICES

Domestic Funds

Each Domestic Fund generally may terminate its investment advisory contract upon 30 days' prior written notice to us and may withdraw all funds that are invested at our direction at the time of such termination.

Offshore Funds

Each Offshore Fund generally may terminate its investment advisory contract upon 60 days' prior written notice and may withdraw all funds that are invested at our direction at the time of such termination.

WITHDRAWALS

Vintage Funds

As described more fully in the applicable offering memoranda, each investor in the Vintage Funds generally is permitted to make complete or partial withdrawals of amounts from its capital account balance as of the close of business on the last day of the calendar quarter in which occurs the anniversary of the date upon which such limited partner acquired its interest in the Vintage Fund. Notice of any withdrawal generally must be given to us in writing at least 95 days prior to the proposed withdrawal date. We use commercially reasonable efforts to cause at least 90% of any estimated withdrawal proceeds to be paid within 10 business days after receipt of cash or assets from the liquidation of Vintage Fund's investment necessary to fund such withdrawal. Any remaining balance generally will be settled promptly following the completion of the audit of the fund's financial statements for the applicable fiscal year.

Performance allocations with respect to each Vintage Fund are calculated and allocated as of the date of withdrawal with respect to any limited partner permitted or required to withdraw as of any time other than the close of a fiscal year on the basis of a proportion of net profits allocated to such limited partners' capital account through the withdrawal date.

Opportunity Fund

As described more fully in the applicable offering memoranda, (except with respect to Designated Investments) each investor in the Opportunity Fund generally is permitted to make a complete or a partial withdrawal of amounts from its capital account balance as of the close of business on the last business day of the calendar quarter following the third anniversary of the date upon which such limited partner acquired its interest, and thereafter on the last business day of the calendar quarter following the second anniversary of the initial withdrawal date and each subsequent withdrawal date. Notice of any withdrawal generally must be given to us in writing at least 95 days prior to the proposed withdrawal date. Investors are also permitted to make withdrawals in certain other circumstances, as described in the applicable offering and governing documents. We use commercially reasonable efforts to cause at least 90% of the estimated withdrawal proceeds to be paid within 30 days after receipt of cash or assets from the liquidation of Opportunity Fund's investment necessary to fund such withdrawal. Any remaining balance generally will be settled within 30 days following the completion of the audit of the fund's financial statements for the applicable fiscal year.

An investor generally may not withdraw any portion of its capital account that is allocated to a Designated Investment. Generally, an investor will retain its interest in any Designated Investment until a “recognition event” occurs with respect to that investment. Upon a recognition event, (a) the Designated Investment or the proceeds thereof, as applicable, will be combined with such investor’s regular capital account (and will be subject to the withdrawal provisions set forth above), and (b) the interest in the Designated Investment of an investor that has otherwise fully withdrawn from the Opportunity Fund will be distributed to such investor (subject to the terms and conditions set forth in the applicable governing documents).

Performance allocations with respect to each Opportunity Fund are calculated and allocated as of the date of withdrawal with respect to any limited partner permitted or required to withdraw as of any time other than the close of a fiscal year on the basis of a proportion of net profits allocated to such limited partners’ capital account through the withdrawal date.

Reserve Fund

As described more fully in the Reserve Fund’s offering memorandum, each investor in the Reserve Fund generally is permitted to make complete or partial withdrawals of amounts from its capital account balance as of the close of business on the last day of each calendar quarter. However, any withdrawals made prior to the first anniversary of the date upon which such limited partner acquired its interest in the Reserve Fund is subject to a withdrawal charge of 2% of the amount of withdrawal. Notice of any withdrawal generally must be given to us in writing at least 65 days prior to the proposed withdrawal date. We use commercially reasonable efforts to cause at least 90% of the estimated withdrawal proceeds to be paid within 30 days after receipt of cash or assets from the liquidation of Reserve Fund’s investment necessary to fund such withdrawal. Any remaining balance generally will be settled within 30 days following the completion of the audit of the fund’s financial statements for the applicable fiscal year.

Performance allocations with respect to the Reserve Fund are calculated and allocated as of the date of withdrawal with respect to any limited partner permitted or required to withdraw as of any time other than the close of a fiscal year on the basis of a proportion of net profits allocated to such limited partners’ capital account through the withdrawal date.

Insurance Fund

As described more fully in the Insurance Fund’s offering memorandum, each investor in the Insurance Fund generally is permitted to make complete or partial withdrawals of amounts from its capital account balance as of the close of business on the last day of the calendar quarter during which the first anniversary of the date upon which such limited partner acquired its interest in the Insurance Fund and each semi-annual calendar period thereafter for that portion of the interest for which applicable lock-up period has expired. Investors are also permitted to make withdrawals in certain other circumstances, as described in the Insurance Fund’s offering and governing documents. Notice of any withdrawal generally must be given to us in writing at least 105 days prior to the proposed withdrawal date. We use commercially reasonable efforts to cause at least 90% of any estimated withdrawal amount to be paid within 90 days of the applicable withdrawal date. Any remaining balance generally will be settled promptly following the completion of the audit of the fund’s financial statements for the applicable fiscal year.

Performance allocations with respect to the Insurance Fund are calculated and allocated as of the date of withdrawal with respect to any limited partner permitted or required to withdraw as of any time other than the close of a fiscal year on the basis of a proportion of net profits allocated to such limited partners’ capital account through the withdrawal date.

We have entered into participation agreements with certain investors in the Insurance Fund that provide for certain specific rights with respect to the payment of withdrawal proceeds.

COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS

Neither we nor any of our supervised persons accept compensation for the sale of securities or other investment products.

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

PERFORMANCE-BASED FEES

As noted under Item 5 above, we generally are entitled to receive performance-based allocations or fees with respect to each of the investors in the Funds (except with respect to the Legacy Funds). In addition, certain of the underlying funds in which the Funds invest charge performance-based allocations or fees. Performance allocations could motivate us and/or the underlying fund managers, as applicable, to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. Our individual employees and affiliates (and employees and affiliates of underlying fund managers) who are compensated to some extent based upon trading profits for which they are responsible face the same potential conflict. We attempt to address this conflict through disclosure in applicable offering documents and/or this brochure.

SIDE-BY-SIDE MANAGEMENT

We generally do not manage accounts for which we are entitled to receive performance allocations alongside accounts for which we are not entitled to receive any performance allocations.

However, underlying fund managers may manage accounts for which they are entitled to receive performance-based fees or allocations alongside accounts for which they are not entitled to receive any performance-based fees or allocations. This side-by-side management could motivate the underlying fund managers to favor accounts for which they or their employees or affiliates receive performance-based fees or allocations over other accounts for which such fees are not payable. We attempt to address this conflict primarily through disclosure in this brochure and by monitoring underlying fund managers to detect abuses.

Item 7: Types of Clients

DESCRIPTION

We currently provide investment advisory and supervisory services with respect to the Funds, our sole advisory clients. We may in the future provide investment advice to other clients including, but not limited to, other pooled investment vehicles and separately managed accounts.

ACCOUNT REQUIREMENTS

The minimum initial capital contribution required for an investor in the Funds is \$1,000,000. With respect to each of the Funds, capital contributions of lesser amounts may be accepted in our discretion.

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

METHODS OF ANALYSIS

We select prospective underlying fund managers through disciplined “bottom-up” analyses, involving a quantitative assessment of historical risk/return characteristics of the underlying fund manager, with particular vigilance paid to underlying fund manager performance during times of dislocating markets. After selection, we monitor (i) existing performance of underlying managers of the underlying funds and accounts and (ii) portfolio composition of underlying funds and accounts, which is limited by the degree of transparency granted to us by each underlying manager. Some underlying managers may provide weekly estimated performance and asset data, while other managers may provide portfolio composition and performance data on a monthly basis. We reconcile qualitative information through monthly discussions with managers to actual portfolio performance and construction to check for style drift. We assess a manager’s discussed strategy with actual asset allocation, geographic location, leverage employed and risk exposure. As part of our due diligence process, we may perform on-site visits to review manager activities. We apply this underlying investment approach with respect to each of the Funds.

INVESTMENT STRATEGIES

To achieve our investment objectives, we invest assets of each of the Funds primarily in underlying funds and accounts managed by third party investment managers. The underlying funds and managers employ a wide array of investment strategies described in the applicable offering documents for each Fund and underlying fund. In addition, we may at times cause a Fund to invest directly in financial securities including swaps, futures, options and other derivatives as direct overlays to the portfolio, in an effort to enhance the risk/return profile.

CERTAIN RISK FACTORS

There can be no assurance that we will achieve our investment objectives. Our investment program involves a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that our investment program is low risk or risk free. Our investment program is appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. Prospective investors should consider the following risks, among others, before making any investment decisions. The various risks outlined below are not the only risks associated with our investment strategies and processes. Investors are urged to consult with their own independent financial, legal and tax advisors before making any investment decisions. These risks are qualified in their entirety by the risks set forth in the offering document of each Fund.

General Market Developments. Our success is affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates and economic uncertainty. These and other factors may affect the level and volatility of securities prices and the liquidity of our clients’ and the underlying funds’ investments. Volatility or illiquidity could impair our profitability or result in losses. Unpredictable or unstable market conditions may also result in reduced opportunities to find suitable investments to deploy capital or make it more difficult to exit and realize value from our clients’ and the underlying funds’ investments. There can be no assurance that general market developments in the future will not have a material adverse effect on us. It is important to understand that our clients could incur material losses even if we react quickly to difficult market conditions.

Potential for Fraud. Although we intend to conduct extensive due diligence investigations on all underlying funds and underlying fund managers, underlying managers may engage in fraud. Recent discoveries of fraud in the banking and financial services industry highlight the seriousness of this issue. The scope and long-term nature of such frauds is a testament to how difficult fraud is to detect and prevent. While we have instituted policies and procedures to avoid falling victim to fraud, there is no assurance we will be able to prevent all types of fraud by underlying managers and other persons.

Multiple Levels of Fees and Expenses. As with most fund of funds investments, both we and the underlying funds and accounts impose management fees and other administrative fees and expenses. We impose, and the underlying funds may also impose, performance-based allocations or fees. These multiple levels of fees and expenses result in greater expense and less return on investment than if such fees and expenses were not charged. The multiple levels of expense reduce our overall profitability.

Investment Risks in General. All investments risk the loss of capital. No guarantee or representation is made that our investment program will be successful. Certain investment techniques utilized by us and the underlying funds will, in certain circumstances, maximize the impact of adverse market moves to which we and the underlying funds are or will be subject. The performance of any particular investment is subject to numerous factors which are neither within the control of, nor predictable by, us or the underlying funds. Such factors include a wide range of economic, political, competitive and other conditions that may affect investments in general or specific industries or companies. As a result of the nature of investment activities, it is possible our financial performance (including net asset values) may fluctuate substantially from period to period. Investors could lose a substantial portion or all of their investment.

Our profitability will depend substantially upon (i) our ability to identify and select successful underlying funds and underlying fund managers and (ii) our and the underlying funds' ability to correctly assess future price movements of securities and the potential for new investments. We cannot guarantee that we will be successful in selecting profitable and successful underlying funds or that we and/or the underlying funds will be successful in accurately predicting the value of potential investments.

Unlimited Range of Potential Investments. Our investment activities will not be limited to the strategies or types of strategies described in the applicable offering documents or this brochure. Rather, we may pursue any investment strategy determined to be appropriate from time to time, in our sole discretion, without any notice to investors. This unlimited range of potential investments may include substantial investments in strategies not previously pursued by us and with which we and our personnel have limited experience. New strategies, assets and markets are likely to involve material and as-yet unanticipated risks. Furthermore, since we expect to invest a substantial portion of our capital in underlying funds sponsored by underlying fund managers, our performance will depend to a significant degree on the strategies and activities of such underlying funds and underlying fund managers (which may change from time to time). There can be no assurance that any of the investment strategies pursued by us or on our behalf will be successful.

Equity Risks. We and the underlying funds invest in equity and equity derivative securities. The value of these securities generally varies with the performance of the issuer and movements in the equity markets generally and for specific sectors. As a result, the Funds and the underlying funds may suffer losses if we or the underlying funds invest in equity securities of issuers whose performance falls below market or industry expectations or if equity markets generally or specific sectors decline and we and/or the underlying funds have not hedged against such a decline.

Distressed Securities. We and the underlying funds may invest client assets in distressed securities. Investments in distressed securities involve acquiring securities of companies that are experiencing significant financial difficulties and of companies that are, or appear likely to become, bankrupt or involved in a debt restructuring or other major capital transaction. Consequently, there is a high degree of risk associated with these investments because such companies may never recover and the value of such investments may be lost.

Risk Arbitrage. The difference between the price paid by us or the underlying funds for securities of a company involved in an announced deal and the anticipated value to be received for such securities upon consummation of the proposed transaction will often be very small. If the proposed transaction appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the target's securities will usually decline sharply, often by more than the our or the underlying funds' anticipated profit.

We and the underlying funds may invest and trade in securities of companies that we or the underlying funds, as applicable, believe are undervalued in the sense that, although they are not the subject of an announced tender offer, merger or acquisition transaction, in our or the underlying funds' view the companies are potential candidates for such a transaction. In such a case, if the anticipated transaction does not in fact occur, we and/or the underlying funds may sell the securities at a loss.

Competition. The markets in which we (directly or indirectly through underlying funds) participate and strategies in which we engage are extremely competitive. There can be no assurance that we (and the underlying funds) will be able to identify or successfully pursue attractive investment opportunities in this environment. We and the underlying funds compete with many firms that have substantially greater financial resources, more favorable financing arrangements, larger research staffs and more securities traders than are available to such persons.

Small and Mid-Capitalization Companies. We and the underlying funds may invest in securities of small and mid-capitalization companies, as well as securities traded only in the over the-counter markets. Although investments in

these companies have the potential to produce significant returns, such investments generally involve a higher degree of risk than investments in larger companies due to the issuer's lack of financial resources, management experience, product diversification and competitive strength. These and other factors may, from time to time, result in operating and financial setbacks that may have a material adverse effect on a particular investment, which may in turn adversely affect us and the underlying funds.

Risks Inherent in International Investments. We and the underlying funds may invest in financial instruments of non-U.S. corporations and governments, including those in developing nations and emerging markets. Investing in the financial instruments of companies and governments outside of the United States involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; imposition of withholding and other taxes on dividends, interest, capital gains and other income; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict our and the underlying funds' investment opportunities or our and the underlying funds' ability to repatriate funds. Such considerations also apply to, and could increase the risks associated with, holding positions in custodian accounts located in or governed by the laws of other countries. In addition, accounting and financial reporting standards that prevail outside of the United States generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the United States than for those located in the United States. Financial instruments traded on foreign exchanges and the foreign nationals or entities that trade these instruments are generally not subject to the jurisdiction of the SEC or CFTC or other securities and commodities laws and regulations of the United States. Accordingly, the protections accorded to us and the underlying funds under such laws and regulations will be unavailable for transactions on foreign exchanges and with foreign counterparties.

Interest-Rate Risk. The value of the fixed-rate securities in which we or the underlying funds may invest will generally have an inverse relationship with interest rates. Accordingly, if interest rates rise, the value of such securities generally will decline, which may in turn adversely affect our profitability.

Control Positions. We and the underlying funds may invest in control positions in companies. The exercise of control over a company imposes additional risks of liability for environmental damages, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored. If these liabilities were to occur clients would likely suffer losses in their investments.

PIPE Investments. Certain of the underlying funds may invest in "PIPE transactions." A "PIPE" (Private Investment in Public Equity) is a private placement of restricted securities (common stock, convertible preferred stock, convertible debentures, warrants or other equity or equity-like securities) of a public company. Typically in such a transaction, the investor enters into a purchase agreement wherein the investor commits to purchase the securities and the public company issuer commits to sell such securities and to file a resale registration statement within a specified period of time covering the resale of the securities that the investor purchased in the private placement. In connection with a PIPE investment, an underlying fund may be obligated to pay all or part of the registration expenses, and, due to delays in the registration process, a considerable period may elapse between the time of the underlying fund's decision to sell and the time such security may be sold under an effective registration statement. If adverse market conditions were to develop during such a period, the underlying fund might obtain a less favorable price than the price it could have obtained at the time of its decision to sell the security. Further, there is no assurance that the public company will satisfy its registration obligation, in which case, the underlying fund may only be able to sell such securities under Rule 144.

Short Sale Risks. Our investment program involves the use of short sales. In a short sale, securities are sold that have been borrowed from a third party lender, typically a brokerage firm or other institution. When borrowing securities for short sales, we and the underlying funds will be required to pledge deposits of cash, or a combination of cash and securities, equal to or exceeding the market price of the securities borrowed. The amount of such deposits may increase or decrease to reflect the changes in the market value of the borrowed securities. The securities lender generally will have the right to demand the return of the borrowed securities at any time. Selling securities short without first determining that securities are available to borrow is generally a violation of applicable rules and regulations. A short-seller will profit only if it can "repay" the lender of the securities with securities it

purchases at a lower price than it received in its short sale. Although short selling will permit us and the underlying funds to profit from declines in the price of securities, both we and the underlying funds could experience losses if we and/or the underlying funds are required to replace borrowed securities by purchasing them in the market at a time when the market price has increased over the price received at the time of the short sale. Purchasing securities in the market to close out a short position can itself cause market prices to increase further. As a result, there will be potential for unlimited loss, unless we and the underlying funds are adequately hedged against increases in market price.

Hedging Risks. We and/or the underlying funds attempt to hedge portfolios by, among other things, taking long and short positions in related securities. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio's value. Such hedging transactions also may limit the opportunity for gain if the value of the portfolio position should increase. We or the underlying funds may elect not to hedge against certain risks, and risks may exist that are not identified or hedged effectively. Furthermore, we and the underlying funds may change hedging strategies at any time, in our and/or the underlying funds' sole discretion and without any notice to clients, as applicable, choosing for example not to hedge risks that we or the underlying funds have generally attempted to hedge in the past.

Even when we and the underlying funds do attempt to hedge against a particular risk, there can be no guaranty that the hedging strategy will be successful. The success of hedging transactions depend upon our or an underlying fund's ability to structure correctly our or the underlying fund's portfolio. Therefore, while we and/or the underlying funds may enter into hedging transactions to seek to reduce market risk, improper structuring of the portfolios may result in a poorer overall performance than if we and/or the underlying funds had not engaged in such transactions. In addition, the degree of correlation between price movements of the securities used in a hedging strategy may vary. Such imperfect correlation may prevent us and/or the underlying funds from achieving the intended hedge and expose us and the underlying funds to risk of loss.

Derivatives. We and certain of the underlying funds may use derivative instruments, including (among others) convertible bonds, convertible preferred stock, options (including speculative positions such as buying and writing call options and put options on either a covered or an uncovered basis), futures, forward contracts, repurchase agreements, reverse repurchase agreements and many different types of swaps involving payments based on a wide range of risks. We and the underlying funds may use derivatives extensively. In many cases, derivatives provide the economic equivalent of leverage by magnifying the potential gain or loss from an investment in much the same way that incurring indebtedness would. Many derivatives provide exposure to potential gain or loss from a change in the market price of a financial instrument (or a basket or index) or other event or circumstance in a notional amount that greatly exceeds the amount of cash or assets required to establish or maintain the derivative contract. Accordingly, relatively small price movements in the underlying financial instruments or other events or circumstances may result in immediate and substantial losses. In some cases, exposure under a derivative contract will be limited to the amount invested (for example, when we or the underlying fund buy a call option). In other cases, the derivative contract will create an open-ended obligation (for example, when we or the underlying fund write a call option). Many derivatives, particularly those negotiated over-the-counter, are substantially illiquid or could become illiquid under certain market conditions. As a result, it may be difficult or impossible to determine the fair value of our interest in such contracts. Many derivative contracts involve exposure to the credit risk of the counterparty, because we or the underlying funds acquire no direct interest in the underlying financial instrument, but instead depend on the counterparty's ability to perform under the contract. Further, if and when we or an underlying fund take economic exposure through a derivative, we and/or the underlying fund generally will not have any voting rights and may not be able to pursue legal remedies that would be available if we or the underlying fund invested directly in the underlying financial instrument.

Many derivatives also involve substantial legal risk and uncertainty, because the terms of the contract may be difficult to draft, apply, interpret and enforce, particularly in the context of unforeseen market conditions or events. In many cases, the counterparty has discretion (either pursuant to the express terms of the contract or in practice) to interpret the contract, make required calculations and demand or withhold payments in the manner most favorable to the counterparty and most unfavorable to us, our clients and the underlying fund. An adverse interpretation or calculation under one derivative contract could trigger cross-defaults with other contracts and could have a materially adverse effect on liquidity and performance. Any dispute concerning a derivative contract could be expensive and time consuming to resolve, particularly given the potential for complex and novel legal issues and the

involvement of multiple legal jurisdictions.

Risks Associated with Commodity Futures, Forwards and Related Instruments. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” These limits could prevent us and the underlying funds from promptly liquidating unfavorable positions and subject us and the underlying funds to substantial losses or from entering into desired trades. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

The prices of commodities contracts and all derivative instruments, including futures and options prices, can be highly volatile. Price movements of forward, futures and other derivative contracts in which our clients’ or the underlying fund’s assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. We and the underlying funds also will be subject to the risk of the failure of any of the exchanges on which our or the underlying funds’ positions trade or of our or the underlying funds’ clearinghouses.

Trading options on futures involves a high degree of risk. An option on a futures contract is a right to either buy or sell the underlying futures contract at a specific price. The risks of trading options on futures are similar to the risks of trading securities options. In addition, if the purchaser of an option on a futures contract exercises the option, the holder will, in effect, be buying or selling the underlying futures contract, and will then be subject to the same risks as are attendant to futures trading.

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements, and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which we or underlying funds would otherwise recommend, to our and the underlying funds’ possible detriment. Market illiquidity or disruption could result in significant losses.

Illiquid Investments. Any otherwise liquid investment may become substantially illiquid in the future under certain market conditions, none of which are under our control. Other investments held by us may be subject to resale restrictions under applicable securities laws or applicable contracts. The markets for other financial instruments are inefficient or unreliable, and the spreads between bid and asked prices are too large to represent a true market. Any such investments may be difficult or impossible to sell or may be salable only at a substantial discount to their reported value. As a result, investments in illiquid financial instruments could have a material adverse effect on client performance.

Counterparty Risks. We and the underlying funds enter into many transactions with third parties in which the failure or delay of the third party to perform its obligations under a contract with us or an underlying fund could have a material adverse effect on us or such underlying fund. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of a counterparty’s insolvency on us, the underlying funds or our clients’ and the underlying funds’ assets. Investors should assume that the insolvency of any of our or the underlying funds’ prime brokers or other counterparties would result in the loss of all or a substantial portion of our clients’ or underlying funds’ assets held by such prime broker or counterparty.

Leverage Risks. The underlying funds may use substantial leverage in their investment programs and may borrow funds from brokers, banks, counterparties and other lenders to finance their trading operations. Such leverage may

be achieved through, among other methods, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements, swaps and securities lending transactions. The use of leverage generally involves a high degree of risk. In order to secure its various financing arrangements, an underlying fund may grant guaranties and pledge or otherwise transfer to lenders any of its assets, including specific assets, pools of assets or interests in subsidiary entities. Investors in the underlying fund, such as our clients, are equity holders, and their rights are therefore junior to and generally subject to the satisfaction of the prior claims of all creditors.

The use of margin, derivatives and short-term borrowings may result in substantial interest and financing costs to the underlying funds and may create additional risks. If the value of an underlying fund's securities or derivatives positions falls below the margin or collateral levels required by a prime broker or other counterparty, additional margin or collateral deposits would be required. The failure to satisfy a margin or collateral call, or the occurrence of other material defaults under margin or other financing agreements, may trigger cross-defaults under the underlying fund's agreements with other brokers, lenders, clearing firms or counterparties, multiplying the adverse impact to the underlying fund. In addition, because the use of leverage will allow the underlying funds to control positions worth significantly more than their investments in those positions, the amount that the underlying funds may lose in the event of adverse price movements will be high in relation to the amount of their investments.

In the event of a sudden drop in the value of an underlying fund's assets, the underlying fund might not be able to liquidate assets quickly enough to satisfy its margin or collateral requirements or other contractual obligations. In that event, the underlying fund may become subject to claims of financial intermediaries that extended margin loans or other types of credit. Such claims could exceed the value of such assets of the underlying fund. The banks, dealers and other counterparties that provide financing to the underlying funds can apply essentially discretionary margin, haircut, financing and collateral valuation policies. Changes by banks, dealers and other counterparties in any of the foregoing may result in large margin or collateral calls, loss of financing and forced liquidations of positions at disadvantageous prices. There can be no assurance that the underlying funds will be able to secure or maintain adequate financing, without which the underlying funds may not continue to be viable.

We may incur leverage through short term indebtedness for the following purposes: (i) satisfying permitted withdrawals, (ii) making distributions, (iii) paying operating expenses or (iv) for such other purposes as we may, in our sole discretion, determine. Additionally, (i) we may incur indebtedness for the purchase or sale of securities (including the purchase or sale of securities on margin) and to pledge securities as collateral; (ii) subject to certain limitations, our general partner may advance monies to us for the purpose of covering our expenses; and (iii) we may borrow funds pursuant to any line of credit. As a result of the indebtedness described above, we will be subject to the same risks related to the use of leverage as the underlying funds discussed above.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS ASSOCIATED WITH OUR INVESTMENT PROGRAM. PROSPECTIVE CLIENTS AND INVESTORS SHOULD READ THIS BROCHURE AND THE APPLICABLE OFFERING MATERIALS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS.

Item 9: Disciplinary Information

Neither we nor any of our employees have been involved in any legal or disciplinary events related to past or present investment clients or investors.

Item 10: Other Financial Industry Activities and Affiliations

CENTENNIAL PARTNERS, LLC

On April 2, 2012, Zilker Park Partners, LLC (“Zilker”), an entity wholly owned by Thomas J. Meredith and Alex C. Smith, acquired a 57% equity interest in Centennial Partners, LLC (“Centennial”). We provided a guaranty for the debt incurred by Zilker in connection with its acquisition of an interest in Centennial. Centennial currently provides investment management services to various private pooled investment vehicles structured as “funds of funds” that invest in other private pooled investment vehicles and/or separately managed accounts managed and/or operated by third party managers (the “Centennial Funds”). Centennial is separately registered as an investment adviser with the SEC under the Advisers Act and is also registered as a commodity pool operator and commodity trading advisor with the Commodity Futures Trading Commission (“CFTC”). Mr. Meredith will serve as Chairman of the Board and as a member of the Investment Committee of Centennial. Mr. Smith will also serve as a member of the Board and the Investment Committee of Centennial.

Messrs. Meredith and Smith’s Activities on behalf of Centennial and the Centennial Funds may take up a significant portion of their time and may present various other actual or potential conflicts of interest (including with respect to the allocation of investment opportunities). For a summary of our investment allocation policy, please see Item 11. We will attempt to address, mitigate and/or manage any conflicts that may arise in accordance with fiduciary requirements and applicable law.

COMMODITY POOL OPERATOR AND COMMODITY TRADING ADVISOR REGISTRATION

With respect to each of the applicable Funds, neither we nor any of our affiliates (other than Centennial) is registered with the CFTC as a commodity pool operator or commodity trading advisor pursuant to an exemption provided by CFTC Rules 4.13(a)(4) and/or 4.14(a)(8). Nevertheless, the CFTC recently issued final rules that will eliminate the exemption from commodity pool operator registration that is currently available under CFTC Rule 4.13(a)(4). As a result, we and/or certain of our affiliates may be required to register with the CFTC as a commodity pool operator in the near future.

OTHER ACTIVITIES AND AFFILIATIONS

Tom Meredith is a member of the investment advisory board of Eastern Advisors Capital Group, LLC, a private equity fund manager (“Eastern Advisors”). As a member of the advisory board of Eastern Advisors, Mr. Meredith is expected to provide advice in connection with potential investment opportunities, ongoing management, strategic guidance and evaluation and ultimate realization of investments by two private equity funds managed by Eastern Advisors. In consideration of such services, Mr. Meredith receives an ownership interest in the general partner of the private equity funds, entitling him to 1.25% of the carried interest of each fund. Mr. Meredith’s membership on the investment advisory board of Eastern Advisors and his activities with respect thereto may require a portion of his time. Nevertheless, due to the nature of Eastern Advisors’ investment strategy as a private equity fund manager, we do not believe that its investment activities will present any material conflicts of interest with those of Meritage Capital, L.P. In general, we attempt to address any potential conflicts of interest presented by this arrangement through full and fair disclosure to our investors.

John Abraham is a general partner of HBF Investments III, LP (“HBF”), a special purpose vehicle formed solely to invest in a privately held company. As a general partner of HBF, he is entitled to 20% of the carried interest of the underlying investments. Mr. Abraham’s activities with respect to HBF may require a portion of his time. Nevertheless, due to the nature of HBF as a special purpose vehicle, we do not believe that its activities (or Mr. Abraham’s activities on behalf of such entity) will present any material conflicts of interest with those of Meritage Capital, L.P.

From time to time, certain of our employees and affiliates may serve as directors and officers of, and provide advice to, privately held or publicly traded companies. Clients should be aware that the receipt of non-public information by our related persons regarding these companies could preclude us from effecting discretionary transactions on behalf of clients in certain securities of these issues.

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

CODE OF ETHICS

We have adopted and implemented a code of ethics, which sets forth standards of business conduct for our employees. Our code of ethics is primarily designed to educate employees about our philosophy regarding ethics and professionalism, emphasize our fiduciary duties to clients, encourage employees to comply with applicable laws, prevent the misuse of material non-public information, the circulation of rumors and other forms of market abuse and address conflicts of interest that arise from personal trading by our employees. Among other things, we impose restrictions on all employees and principals relating to the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons. Our code of ethics generally requires preclearance of all trades in securities included on our restricted securities list for our employees and principals and certain affiliated persons to assure that there is no conflict with trades being conducted by or considered for the Funds. Investments by our employees and principals in initial public offerings or private placements must also be approved by our Chief Compliance Officer. Our employees and principals must also report all trades in restricted securities on a quarterly basis, and must report all securities holdings on an annual basis. Further, we maintain certain policies and procedures designed to prevent principals and employees from trading the same security ahead of our clients. We will furnish a copy of our code of ethics to investors upon request.

PERSONAL TRADING

Subject to various restrictions set forth in our code of ethics, our employees and principals may purchase for themselves securities purchased for, or recommended to, the Funds. Allowing employees and principals to purchase these securities may motivate those employees or principals to engage in “scalping,” which is the practice of attempting to benefit from the increase in price resulting from recommendations to clients. To prevent this practice, we closely monitor the investments made by our employees and principals and require preclearance of all trades in securities included on our restricted securities list.

Our employees, principals and affiliates generally are permitted to co-invest alongside a Fund in an underlying fund, subject to our Chief Executive Officer’s or Chief Compliance Officer’s prior approval. Allowing employees, principals and affiliates to invest in an underlying fund for their own accounts at the same time, or about the same time, as they invest in such underlying funds for the Fund(s) may motivate such employees, principals and affiliates to favor their own accounts. To prevent any conflict of interest, the Funds will have first priority to capacity offered by the underlying funds, and any employee, principal or affiliate investment must be approved by our Chief Executive Officer or our Chief Compliance Officer.

ALLOCATION OF INVESTMENT OPPORTUNITIES

We generally allocate investment opportunities among clients in a manner we believe to be fair and equitable under the circumstances. If capacity in an underlying fund is limited and an allocation is under consideration for multiple Funds, the voting members of the Investment Committee approve any allocations based upon an analysis of the optimum portfolio diversification at that time for each respective Fund and will document the basis of the evaluation and conclusion.

While our investment teams, on the one hand, and the investment teams of Centennial, on the other hand, generally pursue different investment strategies and operate separately and independently from one another, there are times when one or more of the Fund(s) and one or more of the Centennial Funds may seek to make the same investment, including as a result of independent investigations by the investment teams of us and Centennial. When it is determined that it would be appropriate for a Fund and one or more of the Centennial Funds to participate in the same investment opportunity, the investment will be allocated among the participating Centennial Funds, including a Fund, on an equitable basis, taking into account such factors as which investment team originated the investment opportunity, relative amounts of capital available for new investments, relative exposure desired by the Fund and the participating Centennial Funds and the investment programs and portfolio positions of the Fund and the Centennial Funds for which participation is appropriate. Such considerations may result in allocations of certain investments among the Fund(s) and the Centennial Funds on other than a *pro rata* basis.

We may invest (indirectly through the underlying funds) in “new issues,” as defined in Financial Industry Regulatory Authority (“FINRA”) Rule 5130. Any profits or losses from new issues will be allocated only to investors who are eligible to participate in such new issues, as contemplated by applicable FINRA Rules.

Item 12: Brokerage Practices

SELECTING BROKERAGE FIRMS

In general, we (and, with respect to client assets invested therewith, the underlying managers) have authority to determine the brokers, futures commission merchants and other counterparties to be used for client transactions and to negotiate commission rates and other monies paid by clients. We select broker-dealers on the basis of obtaining the best overall terms available (i.e., best price and execution of transactions), which we evaluate based on a variety of factors, including among other things: the ability to achieve prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the financial strength, integrity and stability of the broker; the quality, comprehensiveness and frequency of available research and related services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying our other selection criteria. Because commission rates in the United States as well as other jurisdictions are 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.

BEST EXECUTION

In placing orders for the purchase and sale of securities, we seek best net execution, which includes both commissions and execution prices. Orders are placed with brokers or dealers which we believe to be responsible and provide effective execution of client orders under conditions most favorable to client accounts.

SOFT DOLLAR PRACTICES

We do not use soft dollar items and have not entered into any soft dollar arrangements.

BROKERAGE FOR CLIENT REFERRALS

In selecting or recommending brokers, we do not consider whether we or our related persons receive client or investor referrals from such brokers.

ORDER AGGREGATION

In general, we enter and execute separate orders for each Fund.

Item 13: Review of Accounts

PERIODIC REVIEWS

Both we and our administrator conduct reviews of all client accounts on at least a monthly basis. With respect to accounting matters, we have engaged Rothstein, Kass & Company, PC to conduct an annual audit of each Fund.

Our Chief Financial Officer conducts monthly reviews of the accounting records of each Fund. Fund Directors also conduct monthly reviews of the Funds. The Investment Committee conducts quarterly reviews of the Funds' portfolios.

We invest each Fund's assets in other private investment funds and separately managed accounts and may at times invest directly in financial instruments including swaps, futures, options and other derivatives as direct overlays to a portfolio. In monitoring the performance of the underlying funds and accounts in a Fund's portfolio, we perform various levels of review and engage in regular communications with managers of such funds and accounts. Among other items, we consider short and long-term rates of return, investment diversification, and risk allocations as part of our regular review. On occasion, we may effect individual trades in financial securities within the portfolio of any of the Funds, in which case such trades are reviewed by our portfolio team on a daily basis.

ADDITIONAL REVIEWS

While we generally conduct reviews of all client accounts on at least a monthly basis, we may conduct additional or more frequent reviews based upon factors including, but not limited to, market developments and the activities of an underlying fund or an underlying fund manager.

REPORTS TO INVESTORS/CLIENTS

We generally provide investors in each of the Funds with annual audited financial statements, quarterly portfolio reports or statements, and annual U.S. income tax information. Our administrator also provides monthly capital account statements to investors. All such statements and reports are written.

Item 14: Client Referrals and Other Compensation

THIRD PARTY COMPENSATION

We currently do not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to our clients.

REFERRALS

We have entered into, and may from time to time enter into, referral agreements (the “Referral Agreements”) with third-parties, including third party consultants, placement agents and others (“Solicitors”), whereby the Solicitor agrees, on a non-exclusive basis, to solicit for and refer to us prospective qualified investors in the Funds. The fees paid to Solicitors under the Referral Agreements include a percentage of the management fee payable by the referred investors. In every instance, all arrangements and payments of referral fees will be disclosed to clients and investors in substantial compliance with Rule 206(4)-3 under the Advisers Act.

Item 15: Custody

We have, or may be deemed to have, custody of each Fund's cash and securities. In accordance with Rule 206(4)-2 under the Advisers Act, each Fund's cash and securities (except for privately placed securities) are held with one or more qualified custodians. Bank of America, N.A. and Societe Generale currently serve as custodians and/or prime brokers to one or more of the Funds. We may change the custodians at any time and from time to time without the consent of, or notice to, investors. We have engaged Rothstein, Kass & Company, PC to conduct an annual audit of each Fund, and audited financial statements (prepared in accordance with generally accepted accounting principles) are provided annually to investors. We attempt to provide such statements to investors within 180 days after the end of each fiscal year, but there can be no assurance that we will be successful in this regard. Qualified custodians do not provide account statements directly to investors in the Funds.

Item 16: Investment Discretion

DISCRETIONARY AUTHORITY

We have discretionary power and authority over the types of financial instruments to be bought or sold, as well as the amount to be bought or sold on behalf of our clients. We have authority to determine the broker-dealer, futures commission merchant or other counterparty to be used for client transactions and the negotiation of commission rates and other consideration to be paid by the Funds.

LIMITED POWER OF ATTORNEY

Each investor in the Funds generally grants us or our affiliate a limited power of attorney to enable us to execute the applicable partnership agreement on their behalf.

Item 17: Voting Client Securities

We have the authority to vote proxies on behalf of the Funds. Rule 206(4)-6 under the Advisers Act requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies and procedures. In accordance with such rule, we have adopted proxy voting policies and procedures in our compliance manual. In general, our policy is to vote proxy proposals, amendments, consents or resolutions relating to Fund securities, including interests in private investment funds, in a manner that serves the best interests of the Funds, as determined in our discretion, taking into account various factors. Subject to the foregoing sentence, our general policy is to vote proxies in accordance with company management (to the extent applicable). Investors generally may not direct or otherwise influence our vote with respect to any particular proxy solicitation. Investors may obtain copies of our proxy voting policy, together with information regarding how we have voted past proxies, by contacting us.

Item 18: Financial Information

We do not have any financial impairment that will preclude us from meeting contractual commitments to clients. A balance sheet is not required to be provided as we do not both (i) serve as custodian for client funds or securities and (ii) require prepayment of fees of more than \$1,200 per client, six months or more in advance.

General Information

PRIVACY POLICY

We have adopted policies and procedures reasonably designed to protect various records and information of clients and investors. Except as set forth in the applicable offering materials and as otherwise authorized by each client and/or investor, private information about investors in the Funds is disclosed only as permitted by applicable law to our affiliates and service providers, including our accountants, attorneys, brokers, custodians, transfer agents and any other parties whose services are necessary or convenient to the operation of the Funds. We deliver initial notification of our privacy policy as an annex to the subscription documents, as well as annual privacy notices thereafter, to all investors.

LEGAL PROCEEDINGS

We generally are not responsible for filing claims or otherwise taking any action in connection with class action lawsuits, bankruptcy proceedings, or any other legal or administrative proceeding, in any such case on behalf of a client in connection with any client security holding.

BROCHURE SUPPLEMENT

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ADDITIONAL INFORMATION ABOUT MERITAGE CAPITAL, L.P. IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

APRIL 2012

Alex C. Smith

Educational Background and Experience

Mr. Smith was born in 1959. He received a Bachelor of Science degree in business administration from the University of Florida in 1981 and a Masters degree in international management from the Thunderbird School of Global Management. From 1991 to 1995, Mr. Smith was a manager and director in the treasury department at Dell Inc. From 1995 to 1998, he was a Vice President and Treasurer at Dell Inc. From 1998 to 2001, Mr. Smith was a managing director at Dell Ventures. From 2001 to the present, Mr. Smith has been President of St. James's Park Holding, LLC. From 2003 to the present, he has been Chief Executive Officer, Chief Investment Officer, Voting Investment Committee Member and partner at Meritage Capital, L.P. From April 2012 to present, Mr. Smith has been a member of the Board and Investment Committee of Centennial Partners, LLC ("Centennial").

Mr. Smith also is a member of the Board of Trustees of the Children's Medical Center Foundation of Central Texas, a member of the Dean's Business Advisory Council for University of Florida's Warrington College of Business Administration and a member of the MBA Investment Fund Advisory Committee at the University of Texas.

Mr. Smith is a CFA Charterholder, which requires four (4) years of qualified investment work, adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct and passing scores on three (3) exams.

Disciplinary Information

Mr. Smith has not been involved in any legal or disciplinary events related to past or present investment clients.

Other Business Activities

As noted above, Mr. Smith serves as a member of the Board, listed Principal and Investment Committee of Centennial, an investment adviser registered with the SEC and a commodity pool operator and commodity trading advisor registered with the CFTC. As a member of the Board of Centennial, Mr. Smith is expected to provide strategic business guidance. Mr. Smith is also expected to provide advice in connection with the private pooled investment vehicles managed by Centennial, including the evaluation of potential investment opportunities. Mr. Smith's activities and services in connection with Centennial may require a significant portion of his time and may present certain actual and/or potential conflicts of interest with the activities of Meritage Capital, L.P. For more information, please refer to Item 10 of the Firm Brochure of Meritage Capital, L.P.

Mr. Smith does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a broker-dealer or registered representative, and including distribution or service ("trail") fees from the sale of mutual funds.

Except as set forth above, Mr. Smith is not actively engaged in any other business occupation for compensation which provides a material source of his income or involves a material amount of his time.

Additional Compensation

No person who is not a client provides an economic benefit to Mr. Smith for providing advisory services.

Supervision

Meritage Capital, L.P. has a continuing responsibility to supervise all persons who act on its behalf in order to detect and prevent violations of applicable securities laws. To fulfill this responsibility, Meritage Capital, L.P. has implemented procedures and a system for applying such procedures as part of its compliance manual that it believes are reasonably designed to detect and prevent violations by supervised persons, including Mr. Smith.

Melissa Anderson, Chief Operating Officer, Chief Compliance Officer, and principal of Meritage Capital, L.P., has overall responsibility for supervising all employees and agents of Meritage Capital, L.P. Ms. Anderson can be reached at (512) 637.9700 or by email at melissa@meritagecapital.com.

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THIS BROCHURE SUPPLEMENT PROVIDES INFORMATION ABOUT THOMAS J. MEREDITH THAT SUPPLEMENTS MERITAGE CAPITAL, L.P.'S BROCHURE. YOU SHOULD HAVE RECEIVED A COPY OF THAT BROCHURE. PLEASE CONTACT MERITAGE CAPITAL, L.P. AT (512) 637.9700, OR BY EMAIL AT INFO@MERITAGECAPITAL.COM, IF YOU DID NOT RECEIVE MERITAGE CAPITAL, L.P.'S BROCHURE OR IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS SUPPLEMENT.

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APRIL 2012

Thomas J. Meredith

Educational Background and Experience

Mr. Meredith was born in 1950. He received a Bachelor's degree in political science from St. Francis University in 1972. He received a Juris Doctor degree from Duquesne University of Law in 1975 and a Master's of Law in taxation from Georgetown University in 1977. He also received honorary degrees from both St. Francis University and Duquesne University Business School.

From 1992 to 2000, Mr. Meredith was a Senior Vice President and Chief Financial Officer at Dell Inc. From 2000 to 2001, he was a managing director at Dell Ventures. From 2007 to 2008, Mr. Meredith was acting Chief Financial Officer at Motorola, Inc and a member of the Board of Directors through 2010. From 2001 to the present, Mr. Meredith has been Chairman and Chief Executive Officer at MFI Capital, L.L.C. From 2003 to the present, he has been Voting Investment Committee Member and a partner at Meritage Capital, L.P. From 2010 to the present, he has been Vice Chairman and a director of Brightstar Corp. and a director at BazaarVoice, Inc. From 2011 to the present, Mr. Meredith has been a director of Motorola Mobility Holdings, Inc. From April 2012 to present, Mr. Meredith has been Chairman of the Board and a member of the Investment Committee of Centennial Partners, LLC ("Centennial").

Mr. Meredith is also a member of the board of directors of The Nature Conservancy. Mr. Meredith is an adjunct professor at the McCombs School of Business at The University of Texas and serves on the advisory board of the LBJ School of Public Affairs at the University of Texas.

Disciplinary Information

Mr. Meredith has not been involved in any legal or disciplinary events related to past or present investment clients.

Other Business Activities

As noted above, Mr. Meredith serves as Chairman of the Board, listed Principal, and as a member of the Investment Committee of Centennial, an investment adviser registered with the SEC and a commodity pool operator and commodity trading advisor registered with the CFTC. As Chairman of the Board of Centennial, Mr. Meredith is expected to provide strategic business guidance. Mr. Meredith is also expected to provide advice in connection with the private pooled investment vehicles managed by Centennial, including the evaluation of potential investment opportunities. Mr. Meredith's activities on the Board and Investment Committee may require a significant portion of his time and may present various actual and/or potential conflicts of interest with the activities of Meritage Capital, L.P. For more information, please see Item 10 of the Firm Brochure of Meritage Capital, L.P.

Mr. Meredith is a member of the investment advisory board of Eastern Advisors, a private equity fund manager. As a member of the advisory board of Eastern Advisors, Mr. Meredith is expected to provide advice in connection with potential investment opportunities, ongoing management, strategic guidance and evaluation and ultimate realization of investments by two private equity funds advised by Eastern Advisors. In consideration of such services, Mr. Meredith receives an ownership interest in the general partner of the private equity funds, entitling him to 1.25% of the carried interest of each fund. Mr. Meredith's membership on the investment advisory board of Eastern Advisors and his activities with respect thereto may require a portion of his time. Nevertheless, due to the nature of Eastern Advisors' investment strategy as a private equity fund manager, we do not believe that its investment activities will present any material conflicts of interest with those of Meritage Capital, L.P.

Mr. Meredith does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a broker-dealer or registered representative, and including distribution or service ("trail") fees from the sale of mutual funds.

Except as set forth above, Mr. Meredith is not actively engaged in any other business or occupation for compensation which provides a material portion of his income or involves a material portion of his time.

Additional Compensation

No person who is not a client provides an economic benefit to Mr. Meredith for providing advisory services.

Supervision

Meritage Capital, L.P. has a continuing responsibility to supervise all persons who act on its behalf in order to detect and prevent violations of applicable securities laws. To fulfill this responsibility, Meritage Capital, L.P. has implemented procedures and a system for applying such procedures as part of its compliance manual that it believes are reasonably designed to detect and prevent violations by supervised persons, including Mr. Meredith.

Melissa Anderson, Chief Operating Officer, Chief Compliance Officer, and principal of Meritage Capital, L.P., has overall responsibility for supervising all employees and agents of Meritage Capital, L.P. Ms. Anderson can be reached at (512) 637.9700 or by email at melissa@meritagecapital.com.

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APRIL 2012

John Abraham

Educational Background and Experience

Mr. Abraham was born in 1969. He received a Bachelor of Arts degree in business administration from State University of New York at Fredonia in 1991. He received a Master of Business Administration from the University of Texas at Austin in 1997. From 1991 to 1994, Mr. Abraham was an economic analyst at Capital Economics. From 1994 to 1995, he was a financial analyst at The Chase Manhattan Bank. From 1997 to 1998, Mr. Abraham was a senior financial analyst at Intel Corporation. From 1998 to 2001, Mr. Abraham was an associate in global syndicated finance at JP Morgan Securities, Inc. From 2001 to 2008, he was Managing Director and a Vice President at JP Morgan Securities, Inc. From 2008 to the present, Mr. Abraham has been a principal and Fund Director at Meritage Capital, L.P.

Disciplinary Information

Mr. Abraham has not been involved in any legal or disciplinary events related to past or present investment clients.

Other Business Activities

Mr. Abraham is a general partner of HBF Investments III, LP (“HBF”), a special purpose vehicle formed solely to invest in a privately held company. As a general partner of HBF, he is entitled to 20% of the carried interest of the underlying investments. Mr. Abraham’s activities with respect to HBF may require a portion of his time. Nevertheless, due to the nature of HBF as a special purpose vehicle, we do not believe that its activities (or Mr. Abraham’s activities on behalf of such entity) will present any material conflicts of interest with those of Meritage Capital, L.P.

He is not registered and has no application pending to register, as a broker-dealer, registered representative of a broker-dealer, FCM, CPO, CTA or an associated person of an FCM, CPO or CTA.

Mr. Abraham does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a broker-dealer or registered representative, and including distribution or service (“trail”) fees from the sale of mutual funds.

Mr. Abraham is not actively engaged in any other business or occupation for compensation, which provides a substantial source of his income or involves a substantial amount of his time.

Additional Compensation

No person who is not a client provides an economic benefit to Mr. Abraham for providing advisory services.

Supervision

Meritage Capital, L.P. has a continuing responsibility to supervise all persons who act on its behalf in order to detect and prevent violations of applicable securities laws. To fulfill this responsibility, Meritage Capital, L.P. has implemented procedures and a system for applying such procedures as part of its compliance manual that it believes are reasonably designed to detect and prevent violations by supervised persons, including Mr. Abraham.

Melissa Anderson, Chief Operating Officer, Chief Compliance Officer, and principal of Meritage Capital, L.P., has overall responsibility for supervising all employees and agents of Meritage Capital, L.P. Ms. Anderson can be reached at (512) 637.9700 or by email at melissa@meritagecapital.com.

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APRIL 2012

Melissa Anderson

Educational Background and Experience

Ms. Anderson was born in 1970. She received a Bachelor of Arts degree from Southwestern University in 1992. From 1992 to 1996, Ms. Anderson was an audit senior at PricewaterhouseCoopers. From 1996 to 2000, she was a treasury controller at Dell Inc. From 2000 to 2005, Ms. Anderson was business manager at St. James's Park Holding, LLC. From 2005 to 2007, she was Chief Financial Officer at Meritage Capital, L.P. From 2007 to the present, she has been Chief Operating Officer at Meritage Capital, L.P. From 2008 to the present, Ms. Anderson has been a principal of Meritage Capital, L.P.

Ms. Anderson is a Certified Public Accountant ("CPA"), which requires the successful completion of the CPA exam, adherence to the Texas State Board of Public Accountancy Rules of Professional Conduct and compliance with continuing education requirements.

Disciplinary Information

Ms. Anderson has not been involved in any legal or disciplinary events related to past or present investment clients.

Other Business Activities

Ms. Anderson is not actively engaged in any other investment-related business or occupation outside of Meritage Capital, L.P. She is not registered and has no application pending to register, as a broker-dealer, registered representative of a broker-dealer, FCM, CPO, CTA or an associated person of an FCM, CPO or CTA.

Ms. Anderson does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a broker-dealer or registered representative, and including distribution or service ("trail") fees from the sale of mutual funds.

Ms. Anderson is not actively engaged in any other business or occupation for compensation, which provides a substantial source of her income or involves a substantial amount of her time.

Additional Compensation

No person who is not a client provides an economic benefit to Ms. Anderson for providing advisory services.

Supervision

Meritage Capital, L.P. has a continuing responsibility to supervise all persons who act on its behalf in order to detect and prevent violations of applicable securities laws. To fulfill this responsibility, Meritage Capital, L.P. has implemented procedures and a system for applying such procedures as part of its compliance manual that it believes are reasonably designed to detect and prevent violations by supervised persons, including Ms. Anderson.

Alex C. Smith, Chief Executive Officer, Chief Investment Officer, Voting Investment Committee Member and partner at Meritage Capital, L.P., has overall responsibility for supervising Ms. Anderson. Mr. Smith can be reached at (512) 637.9700 or by email at alex@meritagecapital.com.

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APRIL 2012

Glenn Stotts

Educational Background and Experience

Mr. Stotts was born in 1973. He received a Bachelor of Arts degree from Northwestern University in 1996. Mr. Stotts received a Master of Business Administration from the University of Texas at Austin in 2004. From 1996 to 2000, Mr. Stotts was a strategy analyst at Merrill Lynch & Co. From 2000 to 2002, he was a senior associate at Mainspring, Inc. From 2004 to 2006, Mr. Stotts was an associate at the University of Texas Investment Management Company. From 2006 to the present, he has been a Fund Director at Meritage Capital, L.P. From 2008 to the present, Mr. Stotts has been a principal of Meritage Capital, L.P.

Mr. Stotts is a Chartered Alternative Investment Analyst (“CAIA”), which requires passing scores on two (2) exams.

Disciplinary Information

Mr. Stotts has not been involved in any legal or disciplinary events related to past or present investment clients.

Other Business Activities

Mr. Stotts is not actively engaged in any other investment-related business or occupation outside of Meritage Capital, L.P. He is not registered and has no application pending to register, as a broker-dealer, registered representative of a broker-dealer, FCM, CPO, CTA or an associated person of an FCM, CPO or CTA.

Mr. Stotts does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a broker-dealer or registered representative, and including distribution or service (“trail”) fees from the sale of mutual funds.

Mr. Stotts is not actively engaged in any other business or occupation for compensation, which provides a substantial source of his income or involves a substantial amount of his time.

Additional Compensation

No person who is not a client provides an economic benefit to Mr. Stotts for providing advisory services.

Supervision

Meritage Capital, L.P. has a continuing responsibility to supervise all persons who act on its behalf in order to detect and prevent violations of applicable securities laws. To fulfill this responsibility, Meritage Capital, L.P. has implemented procedures and a system for applying such procedures as part of its compliance manual that it believes are reasonably designed to detect and prevent violations by supervised persons, including Mr. Stotts.

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