

Item 1 – Cover Page



---

# Merlin Asset Management

## Form ADV Part 2A Brochure

### April 01, 2021

Merlin Asset Management  
One Boston Place, Suite 2600  
Boston, MA 02108

Tel: 617 366-2650  
Fax: 888 531-3885

[www.merlinam.com](http://www.merlinam.com)

---

*This brochure provides information about the qualifications and business practices of Merlin Asset Management. If you have any questions about this brochure's contents, please contact us by telephone at (617) 366-2650 or by email at [compliance@merlinam.com](mailto:compliance@merlinam.com). This brochure's information has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. We are an SEC-registered investment adviser. Our registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this brochure, serve as the information you use to evaluate us and factor in your decision to either hire us or uphold the maintenance of a mutually beneficial relationship. Additional information about Merlin Asset Management is available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

## Item 2: Material Changes

---

There have been no material changes since the previous filing on 12/14/2020.

## Item 3: Table of Contents

---

### Table of Contents

Item 1: Cover Page .....	1
Item 2: Material Changes .....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business .....	4
Item 5: Fees and Compensation .....	4
Item 6: Performance-Based Fees and Side-By-Side Management.....	7
Item 7: Types of Clients.....	7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	7
<b>Merlin Large Cap Growth (MO50)</b> .....	7
<b>Merlin SMID Cap Growth (MSMID50)</b> .....	8
<b>Merlin Focused Growth (MO25M)</b> .....	8
<b>Merlin Dynamic Growth (MO25V)</b> .....	9
<b>Merlin Concentrated SMID Growth (MSMID25)</b> .....	9
Item 9: Disciplinary Information .....	12
Item 10: Other Financial Industry Activities and Affiliations .....	12
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .	12
Item 12: Brokerage Practices.....	13
Item 13: Review of Accounts .....	16
Item 14: Client Referrals and Other Compensation .....	17
Item 15: Custody .....	18
Item 16: Investment Discretion .....	18
Item 17: Voting Client Securities.....	18
Item 18: Financial Information .....	19

## Item 4: Advisory Business

---

### **Firm Background**

Merlin Capital LLC (DBA Merlin Asset Management) is a limited liability company formed in New York in 2012. Merlin Asset Management ("Merlin") registered as an investment adviser in 2016. We specialize in (but are not limited to) developing and managing Large Cap and SMID Cap Growth equity investment strategies, which primarily include shares in companies with shares listed on US exchanges. The investment strategies include (but are not limited to) Merlin Large Cap Growth (MO50), Merlin Focused Growth (MO25M), Merlin Dynamic Growth (MO25V), Merlin SMID Cap Growth (MSMID50), and Merlin Concentrated SMID Growth (MSMID25) investment strategies. All of Merlin's investment strategies have been developed and managed by Michael Obuchowski since 2012.

### **Ownership structure**

Michael Obuchowski wholly owns the Firm.

### **Investment Advisory Services Overview**

Merlin provides investment supervisory services on a discretionary basis. We assess your individual requirements before you enter into an investment advisory contract with us, and we determine the investment objectives of your portfolio(s) based on such needs. In establishing your investment objectives, we allow you to impose restrictions on investing in specific securities or industries and other investing restrictions or limitations.

### **Assets Under Management**

As of April 01, 2021, Merlin had approximately \$ 210,098,226 assets under management on a discretionary basis.

## Item 5: Fees and Compensation

---

We typically offer our investment advisory services for a percentage of assets under management. Unless otherwise noted, the standard fees described below do not include such items as brokerage commissions, transaction charges, transfer taxes, exchange fees, electronic fund and wire transfer fees, taxes, or fees mandated by any federal, state, or other applicable law or regulation.

### **Fees for Direct Separate Accounts**

Our standard fee schedule for direct separately managed investment advisory service is determined as a percentage of assets under management, and we calculate them as follows:

Asset Value of Account	Annual Fee
On the first \$1,000,000	1.35%
On the next \$4,000,000	1.00%
On the next \$5,000,000	0.80%
Above \$10,000,000	Negotiable

It is our general policy to charge the stated fees above. However, your fees may be subject to negotiation or modification depending upon the nature of the services provided, the amount of assets in the overall relationship, or other circumstances.

#### **Fee Payment Options for Separate Accounts**

Typically, fees are billed quarterly in arrears based on the average of the preceding quarter's month-end values of the Account.

There are two options you may select to pay for our services:

**1. Direct debiting (preferred):** at the inception of the relationship and each quarter after that, we will notify your custodian of the amount of the fee due and payable to us through our fee schedule and contract. The custodian does not validate or check our fee, its corresponding calculation, or the assets on which the fee is based unless you have hired them to do so. With your pre-approval, they will "deduct" the fee from your Account or, if you have more than one Account, from the Account you have designated to pay our advisory fees. At least quarterly, you will receive a statement directly from your custodian showing all transactions, positions, and credits/debits into or from your Account; the statements after the quarter-end will reflect all transactions, including the advisory fee paid by you to us.

**2. Pay by check:** At the end of the first quarter after the inception of the Account and each quarter after that, we will issue you an invoice for our services, and you will pay us by check or wire transfer within 15 days of the date of the invoice, or as negotiated and documented in your contract.

#### **Fee Refund Policy**

Our standard investment advisory contract contains a termination clause, which states that your Account may be terminated upon 30 days prior written notice by either party. Since fees are charged in arrears, we will calculate fees for the quarter on a pro rata basis and submit them to your custodian or issue you an invoice for our services that you will pay us by check or wire transfer within 15 days of the date of the invoice, or as negotiated and documented in your contract.

### **Other Costs Involved**

Advisory fees payable to us do not include all the fees you will pay when we purchase or sell securities for your Account (s). In addition to our investment management fees, brokerage commissions, and/or transaction fees, you may also incur some of the following fees or expenses, paid directly to third parties, whether a security is being purchased, sold or held in your Account (s) under our management. Charges imposed at the ETF/mutual fund level, the sub-advisory level, and fees charged by the broker-dealer and/or custodian include, but may not be limited to:

- Advisory fees and administrative fees charged by Mutual Funds (MFs) and Exchange Traded Funds (ETFs)
- Advisory fees charged by sub-advisers (if any are used for your Account)
- Brokerage commissions
- Transaction fees
- Exchange fees
- SEC fees
- Custodial Fees
- Deferred sales charges (charged by Mutual Funds)
- Transfer taxes
- Wire transfer and electronic fund processing fees
- Commissions or mark-ups/markdowns on security transactions

### **Security Valuations in the Fee Process**

Your portfolio's proper valuation is necessary for the accurate calculation of the corresponding management fee bill, performance results, et cetera. Merlin employs Orion Advisor Services for outsourced daily reconciliation of client accounts. In addition to automatic auditing of every data point, Orion Advisor's expert data analysts manage any exceptions that may occur.

## Potential Conflict of Interest

Neither Merlin nor our affiliated persons receive compensation, other than the fees mentioned above, for the sale of securities or other investment products.

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

---

We do not currently accept performance fees for managing accounts.

## Item 7: Types of Clients

---

We provide our services to different types of clients, including, but not limited to:

- Individuals and High Net Worth Individuals
- Trusts, Estates, or Charitable Organizations
- Corporations, Limited Liability Companies and Other Business Types

Merlin also serves as sub-adviser to Investment Companies and other Investment Advisers.

The minimum account size for opening and maintaining a separate account is \$100,000. We reserve the right to waive account minimums for separate accounts in certain circumstances.

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

---

We use fundamental, quantitative, and macroeconomic methods of analysis in selecting securities for your Account. Our sources of information generally include, among other things, investment publications and databases, research from securities firms and brokerage houses, company representatives, and contacts with other investment professionals. In addition to the situations where clients' individual needs require a different investment approach, we currently offer the following four equity investment strategies:

### Merlin Large Cap Growth (MO50)

The Merlin Large Cap Growth investment strategy's goal is to select the 50 most attractive large-cap growth firms regardless of their industry or sector. The process of selecting superior companies with a 3-5 year outlook is a comprehensive multivariate approach combining fundamental bottom-up, macroeconomic top-down, and quantitative evaluation. Companies that pass this structured selection process are typically characterized by high profitability and earnings growth, high quality and

predictable earnings, and shares that trade at what we believe is a reasonable valuation relative to their expected earnings growth rates. Merlin Large Cap Growth strategy is driven by the individual stock selection and is typically overweighted towards the most attractive sectors and underweighted in (or has no exposure to) the least attractive sectors during any period of time. All holdings are initially equally weighted and are periodically rebalanced to equal weights. Our sell discipline mirrors the buying process. Stocks become potential sale candidates if they no longer pass the comprehensive multivariate stock selection process.

### **Merlin SMID Cap Growth (MSMID50)**

The Merlin SMID Cap Growth investment strategy's goal is to select the 50 most attractive SMID cap growth firms regardless of their industry or sector. The process of selecting superior companies with a 3-5 year outlook is a comprehensive multivariate approach combining bottom-up, top-down, and quantitative evaluation. Companies that pass this structured selection process are typically characterized by high profitability and earnings growth, high quality and predictable earnings, and shares that trade at what we believe is a reasonable valuation relative to their expected earnings growth rates. Merlin SMID Cap Growth strategy is driven by the individual stock selection and is typically overweighted towards the most attractive sectors and underweighted in (or has no exposure to) the least attractive sectors during any period of time. All holdings are initially equally weighted and are periodically rebalanced to equal weights. Our sell discipline mirrors the buying process. Stocks become potential sale candidates if they no longer pass the comprehensive multivariate stock selection process.

### **Merlin Focused Growth (MO25M)**

The Merlin Focused Growth investment strategy's goal is to select the 25 most attractive large-cap growth firms regardless of their industry or sector. Holdings are chosen from the Merlin Large Cap Growth 50 stock portfolio using a proprietary statistical analysis of multivariate historical correlation patterns. Typically, the 25 stocks with the lowest historical multivariate correlations are selected for the portfolio. Companies that pass this selection process are usually characterized by high profitability and earnings growth, high quality and predictable earnings, and shares that trade at what we believe is a reasonable valuation relative to their expected earnings growth rates. Merlin Focused Growth strategy is driven by the individual stock selection and is typically overweighted towards the most attractive sectors and underweighted in (or has no

exposure to) the least attractive sectors during any period of time. All holdings are initially equally weighted and are periodically rebalanced to equal weights. Our sell discipline mirrors the buying process. Stocks become potential sale candidates if they no longer pass the comprehensive multivariate stock selection process.

### **Merlin Dynamic Growth (MO25V)**

The Merlin Dynamic Growth investment strategy's goal is to select the 25 most attractive large-cap growth firms regardless of their industry or sector. Holdings are selected from the Merlin Large Cap Growth 50 stock portfolio using primarily estimates of the expected PEG ratios. Typically, the 25 stocks with the lowest expected PEG ratios are selected for the portfolio. Companies that pass this selection process are usually characterized by high levels of profitability and earnings growth, high quality and predictable earnings, and shares that trade at what we believe is a very attractive valuation relative to their expected earnings growth rates. Merlin Dynamic Growth strategy is driven by the individual stock selection and is typically overweighted towards the most attractive sectors and underweighted in (or has no exposure to) the least attractive sectors during any period of time. All holdings are initially equally weighted and are periodically rebalanced to equal weights. Our sell discipline mirrors the buying process. Stocks become potential sale candidates if they no longer pass the comprehensive multivariate stock selection process.

### **Merlin Concentrated SMID Growth (MSMID25)**

The Merlin Concentrated SMID Growth investment strategy's goal is to select the 25 most attractive SMID cap growth firms regardless of their industry or sector. Holdings are selected from the Merlin SMID Cap Growth (MSMID50) 50 stock portfolio using primarily estimates of the expected PEG ratios. Typically, the 25 stocks with the lowest expected PEG ratios are selected for the portfolio. Companies that pass this selection process are usually characterized by high levels of profitability and earnings growth, high quality and predictable earnings, and shares that trade at what we believe is a very attractive valuation relative to their expected earnings growth rates. Merlin Concentrated SMID Growth strategy is driven by the individual stock selection and is typically overweighted towards the most attractive sectors and underweighted in (or has no exposure to) the least attractive sectors during any period of time. All holdings are initially equally weighted and are periodically rebalanced to equal weights. Our sell discipline mirrors the buying process. Stocks become potential sale candidates if they no longer pass the comprehensive multivariate stock selection process.

## **Investing Risks**

All investing entails risk. There is no guarantee that the investment methodologies described above will work under all market conditions. Investing with Merlin is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any government agency. Merlin's investment strategies should not be relied upon as a complete investment program. There can be no assurance that your portfolio will achieve its investment objectives. You should also understand that there will be periods in which these investment methods will not produce the desired returns. Risk comes in many forms, and investors should be sure that they understand the possible downside to equity investing.

Some types of risk are:

**Stock Risk** - Stock prices have historically risen and fallen in periodic cycles. US and foreign stock markets have experienced periods of substantial price volatility in the past and may do so again in the future.

**Market Risk** - The value of the instruments in which we invest may go up or down in response to individual companies' prospects, particular industry sectors or governments, and general economic conditions.

**Investment Style Risk** - Different investment styles (e.g., "growth" or "value") tend to shift in and out of favor depending upon market and economic conditions and investor sentiment. Your portfolio may outperform or underperform other portfolios that invest in similar asset classes but employ different investment styles.

**Large Cap, Mid Cap, and Small Cap Risk** - Investments in mid-capitalization and small-capitalization companies involve more significant risks than investments in larger, more established companies. Mid and Small-Cap securities may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

**Non-Diversification Risk** - Non-diversified or "Concentrated" means that your portfolio may invest a larger percentage of its assets in fewer issuers than a "diversified" portfolio. We have Concentrated Growth strategies that invest in 25 securities. For these portfolios, there is a greater risk that a material event, which negatively impacts one or

more of the securities, could have a meaningful negative impact on the entire portfolio's performance. Also, because of the limited number of holdings in the portfolio, there is the risk over shorter periods that the portfolio's performance may differ noticeably from its benchmark indexes.

**Foreign Risk** - Foreign securities may be subject to the risk of loss because of less foreign government regulation, less public information, and less economic, political, and social stability in these countries. Loss may also result from the imposition of exchange controls, confiscations, and other government restrictions, or problems in registration, settlement or custody. Foreign risk also involves the risk of adverse foreign currency rate fluctuations, which may cause the value of securities denominated in such foreign currency to decline in value. Currency exchange rates may fluctuate significantly over short periods.

**Emerging Countries Risk** - The securities markets of most Central and South American, African, Middle Eastern, Asian, Eastern European and other emerging countries are less liquid, are especially subject to greater price volatility, have smaller market capitalizations, have less government regulation and are not subject to as extensive and frequent accounting, financial and other reporting requirements as the securities markets of more developed countries.

**Management Risk** - A strategy used by the Portfolio Manager may fail to produce the intended results. The Portfolio Manager attempts to execute a complex strategy for your portfolio using proprietary investment models. Investments selected using these models may perform differently than expected as a result of the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models (including, for example, data problems and software issues). There is no guarantee that the Portfolio Manager's use of these models will result in effective investment decisions for your portfolio. Additionally, the commonality of holdings across money managers with similar strategies may amplify losses.

**Portfolio Turnover Rate Risk** - A high rate of portfolio turnover (100% or more) involves correspondingly greater expenses which must be borne by all portfolios in the strategy and is also likely to result in short-term capital gains.

## Item 9: Disciplinary Information

---

There are no legal or disciplinary events to report that are material to the evaluation of our advisory business or the integrity of our management.

## Item 10: Other Financial Industry Activities and Affiliations

---

As a registered investment advisor, we are required to disclose when we, or any of our principals, have any other financial industry affiliations. Neither Merlin nor our affiliated persons have material outside business affiliations, arrangements, or registrations, pending or otherwise, with other companies, regulatory organizations, or persons.

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

---

### Code of Ethics

We recognize that the personal investment transactions of our Firm's members and employees demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and members, and employees of our Firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing process) concerning transactions effected by our members, officers, and employees for their accounts. To monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all Access persons – those of our associates who may have access to our investment research or have knowledge of clients' investment transactions.

Furthermore, our Firm has established a Code of Ethics that applies to all of our supervised persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics, which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation

and at least annually after that, all supervised persons will sign an acknowledgment that they have read, understood, and agreed to comply with our Code of Ethics. Our firm and supervised persons must conduct business honestly, ethically, and fairly and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients.

This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

### **Personal Securities Transactions**

Neither our Firm nor a related person recommends to clients or buys or sells for client accounts, securities in which our Firm or a related person has a material financial interest. Related persons of our Firm may purchase or sell securities and other investments that are also recommended to clients. To minimize this conflict of interest, our related persons will place client interests ahead of their interests and adhere to our Firm's Code of Ethics, as stated above.

Related persons of our Firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. To minimize this conflict of interest, if related persons' accounts are not included in a block trade, our related persons will always trade personal accounts last.

### **Item 12: Brokerage Practices**

---

Clients can choose the broker-dealer and custodian for trading or custody. Costs will vary depending upon the broker-dealer the client chooses. When a client directs brokerage, Merlin may be unable to achieve the most favorable execution (i.e., the client may receive less favorable pricing, or Merlin may not be able to aggregate the clients' orders to reduce transaction costs). On client request, Merlin will recommend broker-dealers and custodians for the execution of trades and the custody of assets.

#### **Recommendation of Broker/Custodian**

We seek to recommend a broker/custodian who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Information systems' sophistication, compatibility, and ease of use
- Recordkeeping services provided
- Custody services provided
- Financial condition
- Business reputation

Our Firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional ("TDAI") is a division of TD Ameritrade, Inc. & TD Ameritrade Clearing, Inc., members FINRA/SIPC. Custody, directed trustee, record keeping, plan design support, and plan administration are provided by TD Ameritrade Trust Company, a non-depository trust company. Brokerage services provided exclusively by TD Ameritrade, Inc. TD Ameritrade, Inc., member FINRA/SIPC, is a subsidiary of TD Ameritrade Holding Corporation. TD Ameritrade Holding Corporation is a wholly-owned subsidiary of the Charles Schwab Corporation.

TDAI offers independent investment Advisors services, including custody of securities, trade execution, clearance, and settlement of transactions. We receive benefits from TDAI through our participation in the program. TDAI may make certain research and brokerage services available at no additional cost to our Firm. These services may be directly from independent research companies, as selected by our Firm (within specific parameters). Research products and services provided by TDAI may include research reports on recommendations or other information about particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by TDAI to our Firm in the performance of our investment decision making responsibilities. Although the investment research products and services that may be obtained by our Firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that particular client's Account. As a result of receiving the services discussed above for no additional cost, we may have an incentive to continue to use or expand the use of TDAI's services. Our Firm examined this potential conflict of interest when we

chose to enter into the relationship with TDAI. We have determined that the relationship is in the best interest of our Firm's clients and satisfies our client obligations, including our duty to seek best execution.

TDAI charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). TDAI enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. TDAI's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by TDAI may be higher or lower than those charged by other custodians and broker-dealers.

### **Aggregation of Orders**

We may aggregate purchase or sale orders for a security for the accounts of multiple direct clients into a single transaction, often referred to as a block or bunched trade. If a block trade is executed, each participating client typically receives a price representing the average of the prices at which all transactions in a given block were executed. Bunched trading may allow better execution for clients. Executing a bunched trade does not affect the transaction costs, which are based on the terms set by the custodian of each Account. If the order is not completely filled, the securities purchased or sold are distributed among participating clients on a pro rata basis or in some other equitable manner. We aggregate trades for accounts when we expect that placing individual trades may affect the price for accounts that are traded later. When larger numbers of the same security are traded consecutively, the price for the security may change because of those trades. When we choose not to aggregate trades, each Account will be traded at the price for the security available at the time of trading, and clients' trades may result in different prices for the same security. We may not aggregate trades for accounts when we expect that the trades will not significantly affect the prices for later trades. We expect minimal variation in the cost to clients when not aggregating trades.

### **Soft Dollars**

"Soft dollars" are typically generated when an investment advisor enters into an agreement with an executing broker to receive a portion of the commissions generated by the advisor's client trades. The soft dollars are allocated to the investment advisor

and can then be used to purchase items or services. The investment advisor has a fiduciary duty to its clients to obtain best execution, on an overall basis, for any securities transactions.

The Firm will only use soft dollars to obtain products and services that fall within the safe harbor provided by Section 28(e) of the Exchange Act.

### **Directed Brokerage**

We routinely recommend that a client directs us to execute through a specified broker-dealer. Our Firm recommends the use of TD Ameritrade. For those clients who direct us to execute through a specified broker-dealer, neither we nor any of our Firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected.

For those clients who do not direct us to execute through a specific broker-dealer, Merlin will endeavor to select a broker-dealer to execute transactions on terms that are overall most advantageous when compared to other available providers and their services. As part of our fiduciary duty to seek best execution for our clients, we consider a wide range of factors, including, among others, these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Information systems' sophistication, compatibility, and ease of use
- Recordkeeping services provided
- Custody services provided
- Financial condition
- Business reputation

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

---

#### **Review of Accounts**

We review accounts on an "as needed" basis. The purpose of the review is to ensure adherence to the investment process, investment philosophy, and all clients' investment mandates. All positions held in clients' accounts are reviewed at least quarterly. More frequent reviews may be triggered by changes in such variables as the market or economic conditions or a change in a client's investment objectives.

## Reports to Clients

Except when utilized in the normal course of business in a performance appraisal meeting, we do not provide written reports to clients unless asked to do so. Monthly and Quarterly reports are available upon client request.

### Item 14: Client Referrals and Other Compensation

---

As disclosed above, our Firm participates in TDAI's institutional customer program, and our Firm may recommend TDAI to Clients for custody and brokerage services. There is no direct link between our Firm's participation in the program and the investment advice it gives to its Clients. However, we receive economic benefits through its participation in the program typically not available to TDAI retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; trading related tools; consulting services; access to a trading desk serving our Firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to our Firm by third-party vendors. TDAI may also have paid for business consulting and professional services received by our Firm's related persons. Some of the products and services made available by TDAI through the program may benefit us but may not benefit its Client accounts. These products or services may assist our Firm in managing and administering Client accounts, including accounts not maintained at TDAI. Other services made available by TDAI are intended to help us manage and further develop its business enterprise.

The benefits received by our Firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TDAI. As part of our fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by our Firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our Firm's choice of TDAI for custody and brokerage services.

### Item 15: Custody

---

Merlin does not take custody of client assets. Your designated custodian holds all of your assets in custody for you. However, if you give us authority to deduct our fees directly from your custodial Account, we are deemed to have custody of those assets. To avoid additional regulatory requirements in these cases, we follow the procedures outlined in "Item 5: Fees and Compensation."

We encourage our clients to raise any questions with us about the custody, safety, or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history, and any fee debits or other fees taken out of your Account.

### Item 16: Investment Discretion

---

To authorize us to place investment transactions using our discretion, clients need to sign a discretionary investment advisory agreement with our Firm to manage their Account. The investment advisory agreement between us sets forth the limits, if any, on our permission to purchase or sell securities on your behalf. You may limit our discretionary authority by specifying, for example, individual securities or industries that are not to be bought on your behalf or by limiting portfolio weights in a specific security or industry.

### Item 17: Voting Client Securities

---

Merlin has adopted proxy voting policies and procedures. We have authority and responsibility to vote proxies related to the corporate issuers of securities in which client's assets are invested for all accounts governed by the Employee Retirement Income Security Act (ERISA), unless the Plan Sponsor has specifically assigned, in writing, another authority to take on those duties. For all other clients, we do not have authority and responsibility to vote proxies concerning issuers of securities in which the client's assets may be invested unless the client has specifically authorized and instructed us in writing to do so.

Merlin votes proxies of client's securities over client accounts for which it has been granted authority. Generally, Merlin does not exercise proxy voting authority over securities not selected by Merlin and held in a client account or over securities in accounts of which Merlin is not vested with discretionary authority.

The Chief Investment Officer is responsible for ensuring that all proxies received with respect to client accounts are voted in a timely manner consistent with each client's best interest and consistent with Merlin's policies. Merlin has implemented general voting policies regarding various voting issues. While Merlin generally adheres to such voting policies, the Chief Investment Officer will always review each proxy individually. As a result, there may be cases where particular circumstances lead Merlin to vote an individual proxy differently than as outlined in general voting policies. Proposals not covered in the general voting policies are evaluated and voted on a case-by-case basis, taking into consideration all relevant facts and circumstances. Additionally, a client may provide Merlin with its proxy voting policy and instruct Merlin to vote the proxies relating to the securities of such a client's Account accordingly. If a proxy proposal raises a material conflict of interest between Merlin's interests and the interests of any client, Merlin will resolve such conflict of interest by voting in the best interests of the client.

Merlin may address matters involving conflicts of interest in any of the following manners:

- if Merlin's voting policies address a proposal, Merlin will vote in accordance with such policies
- refer the proposal to the client and obtain instructions from the client on how to vote the proxy relating to that proposal
- disclose the conflict of interest to the client, propose Merlin's intended vote, and obtain the consent of the client to vote in such a manner
- delegate the voting decision for such a proxy proposal to an independent third party.

Records of proxy materials are maintained in Merlin's offices. A complete copy of Merlin's detailed proxy voting policies and procedures is available to clients upon request. Additionally, a client may request a copy of the prior voting history for its Account.

#### [Item 18: Financial Information](#)

---

We do not charge or solicit prepayment of more than \$1,200 in fees per client if services cannot be completed within six months. We have never filed for bankruptcy and are not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual obligations to clients.