

Item 1 – Cover Page

Part 2A of Form ADV:  
Firm Brochure

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This Brochure provides information about the qualifications and business practices of Merion Capital LLC (hereinafter referred to as “us”, “we”, or “our firm”). If you have any questions about the contents of this Brochure, please contact us at (269) 381-9635 and/or [ccruppel@merioncapital.com](mailto:ccruppel@merioncapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Merion Capital LLC is a registered investment adviser. Please note that the use of the term “registered investment adviser” and description of Merion Capital LLC and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and the Brochure Supplements for our firm’s associates who advise you for more information on the qualifications of our firm and our employees.

Additional information about Merion Capital LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number known as the CRD Number. Our CRD# is 135897.

**Item 2 – Material Changes**

This Item only addresses material changes since our last Firm Brochure dated December 31, 2018. There were no material changes. Merion Capital LLC encourages all current and prospective clients to review the entire Firm Brochure. Other non-substantive changes may have also been made hereto and as such, we urge you to read this Form ADV Part 2A Firm Brochure in its entirety.

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#### **Item 4 – Advisory Business**

Merion Capital LLC is a fee-only, independent financial advisor. Merion Capital LLC is not owned by nor affiliated with any service provider or product. Our independence and expertise allows for objective, critical evaluation of the universe of providers and products solely in the best interest of the client. Merion Capital LLC was founded in 2000 by Chris C. Ruppel who is the sole owner.

Merion Capital LLC provides “investment consulting services” which consists of on-going investment advice based on regular reviews of the investments in a client’s investment portfolio and, based on these reviews, recommends changes to the investments held which, in the opinion of Merion Capital LLC, can meet the client’s stated goals, objectives and restrictions.

Merion Capital LLC’s investment advisory services typically include the development and implementation of an investment program suitable to each client’s investment needs and includes the services of: (1) establishing acceptable investment objectives and allocations; (2) monitoring and adjusting investment allocations; (3) selecting and monitoring investment managers; and (4) evaluating and reporting to clients on the performance of their investments. These services are provided in connection with the implementation of Merion Capital LLC's recommended asset allocation investment strategy for the client.

Merion Capital LLC mainly provides investment consulting services to pension plans, foundations, endowments, business, not-for-profit institutions, and municipal government entities. These consulting services are designed to fit a client’s particular needs, and often include extensive discussions regarding how a benefit plan works, risk/return analysis, asset allocation, manager selection, distributions from plans and related topics.

Merion Capital LLC will support research and make recommendations on common stocks, exchange traded securities, certificates of deposit, mutual fund shares, collective investment trusts and U.S. government securities. Merion Capital LLC does not research or make recommendations on other types of investments.

Merion Capital LLC advises on long-term investment portfolios using the principles of modern portfolio theory emphasizing that there are essentially only two variables that the investor can control, namely, diversification (asset allocation) and investment costs. Portfolios are constructed based on the risk profile of the client and the client’s long-term funding requirements from the perspective of on-going cash needs and the desire to have a stated level of assets at some future time.

Every client is treated individually. Upon engagement Merion Capital LLC will meet with the client to determine the investment objectives and the risk tolerance of the client. The client may impose restrictions on investing in certain types of securities, asset classes, geographic regions, or other restrictions. If the investment restrictions imposed by the client do not allow, in the opinion of Merion Capital LLC, the construction of an investment portfolio sufficient to achieve the client's objectives, Merion Capital LLC will so inform the client. This may lead to Merion Capital LLC withdrawing from an on-going engagement, or from prospect discussions.

At Merion Capital LLC accounts are managed on a non-discretionary basis. Clients will furnish approval for Merion Capital LLC to execute specific trades on the client's behalf either in written or electronic form. In cases where the client issues verbal approval for trade execution, a confirmation, written or electronic, will be furnished to Merion Capital LLC as soon as possible subsequent to the client requesting the trade(s).

Merion Capital LLC is not a broker, not a dealer, nor a custodian. Merion Capital LLC has no affiliation with any broker, dealer, or custodian. Merion Capital LLC receives no compensation, special consideration, or benefit of any kind from any broker, dealer or custodian.

Merion Capital LLC has engaged the sub-advisory services of a third-party registered investment adviser to provide continuous and regular investment management services with respect to client accounts, based on the client's investment objectives, policies and restrictions. In providing these services, the third-party adviser recommends asset allocation, provides research and performs back office support such as, but not limited to, the preparation of quarterly reports for client meetings.

As of 12/31/2019 Merion Capital LLC has total market assets of \$1,525,494,000 managed on a non-discretionary basis. Merion Capital LLC has no discretionary assets under management.

### **Item 5 – Fees and Compensation**

Client fees are commensurate with the services offered and are negotiated with each client.

Client and Merion Capital LLC will prepare a "Scope of Services" attachment and a "Compensation" attachment to the Investment Consulting Agreement.

The Scope of Services attachment discussed above will address those consulting services to be provided to a client by Merion Capital LLC, such as, but not limited to:

- Meeting and Participation/Availability
- Formulation and Review of Investment Goals, Objectives, and Policies

- Asset/Liability and Spending Policy Modeling Studies
- Investment Manager Search/Recommendation/Implementation
- Performance and Governance Monitoring
- Educational Sessions/Policy Development
- Performance Measurement and Reporting
- Review of Fees and Contracts of service providers

With the reduced staffing at municipal and county governments, foundations and endowments, Merion Capital LLC's traditional client base, the consulting and governance activities provided by Merion Capital LLC contribute to the effective execution of the fiduciary responsibilities of the client and/or the investment committees of the client.

The Compensation attachment will specify the

- Agreed upon fee and payment schedule
- Term of the engagement
- Terms of settlement in case of early termination by either party

As indicated, the specific manner in which fees are charged by Merion Capital LLC is established in a client's written agreement with Merion Capital LLC. Merion Capital LLC will generally bill its fees on a quarterly basis. Clients may elect to be billed in advance or arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize Merion Capital LLC to directly debit fees from client accounts. Management fees are calculated on an average quarterly balance during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Clients may elect to pay a specified fee, a retainer, or per year with quarterly payments. Such a fee arrangement is established in a client's written agreement with Merion Capital LLC.

Merion Capital LLC's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment providers and other third parties such as fees charged by investment managers, custodial fees, deferred sales charges, odd-lot differentials, mark-ups and mark-downs, spreads paid to market makers, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Merion Capital LLC's fee,

and Merion Capital LLC shall not receive, directly or indirectly, any portion of these commissions, fees, and costs.

Merion Capital LLC or any supervised person(s) at Merion Capital LLC do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds or any other investment product.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Merion Capital LLC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

Merion Capital LLC provides portfolio management services to corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, and county governments.

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

A brief, non-inclusive discussion of the investment process at Merion Capital LLC follows.

#### **Philosophy**

Merion Capital LLC's investment philosophy embodies the following principles derived from academic research and the principles of Modern Finance:

- Securities markets are generally efficient,
- There is a systematic relationship between risk and return,
- Asset allocation is the most important investment decision,
- Fees matter, and,
- Active management and market timing are not successful long-term investment strategies.

#### **Asset Class Investing**

Academic and industry studies have shown asset allocation to be the most important factor in determining future levels of return. Asset class investing allows us to meet our primary objectives for our clients of optimal diversification at the client's specific risk tolerance.

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and clients' accounts could enjoy a gain, it is also possible that the stock market may decrease and clients' accounts could suffer a loss. It is important

that clients understand that all investment activities involve a degree of risk, including the possible risk of loss of their entire investment, as well as the gains earned thereon. Some of these risks are briefly described below.

**Highly Volatile Markets** - The prices of the instruments traded and held in client accounts have been subject to periods of excessive volatility in the past, and such periods can be expected to continue. Price movements are influenced by factors which we may be unable to predict, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions. In addition, governments may, from time to time, intervene, directly and through regulation, in certain markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended to directly 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.

**Stagnant Markets** - Although volatility is one indication of market risk, some investment strategies rely on the existence of market movement to create profitability. In periods of stagnant markets and/or deflation, investment strategies have materially diminished prospects for profitability.

**Market Disruptions** - Client accounts may incur material losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The financing available to clients from banks, dealers and other counterparties is likely to be restricted in disrupted markets. Market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for clients, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

**Institutional Risk** - Institutions, including brokerage firms, counterparties and banks with which clients may trade or invest, may default or encounter financial difficulties that impair their operational capabilities or clients' capital positions. Clients are also subject to the risk that the exchanges on which their positions trade or the clearinghouses that the exchanges use may fail, which could also impair clients' capital positions.

**Leverage** - Investors may borrow funds from brokerage firms, banks and other available sources in order to be able to increase the amount available for investment. In addition, investors may in effect borrow funds through entering into repurchase agreements, and may purchase or sell options, forwards and other derivative instruments. The amount of borrowings which investors may have outstanding at any time may be large in relation to their actual capital. Consequently, the rates at which investors can borrow will affect the profitability of the investor's account. Leverage has the effect of magnifying both profits and losses compared with unleveraged positions.



Interest Rate Risk - The value of the fixed-rate securities in which clients invest generally will have an inverse relationship with interest rates. Accordingly, if interest rates rise, the value of such securities may decline. In addition, to the extent that the receivables or loans underlying specific securities are pre-payable, the value of such securities may be negatively affected by increasing prepayments, which generally occur when interest rates decline.

Illiquid Securities - Investors may be invested in securities, loans and other financial instruments, which are not actively and widely traded. Consequently, it may be relatively difficult to dispose of such investments rapidly and at favorable prices and such securities may also be more difficult to value.

Concentration of Investments - From time to time, a significant portion of an investor's account assets may be concentrated in a particular security, industry, or market. Should such security, industry, market or country become subject to adverse financial conditions, investor's assets shall not be afforded the protection otherwise available through greater diversification of investments.

Exchange Traded Funds (ETFs) - ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies and the market price for a share of an ETF may fluctuate from the value of its underlying securities. Consequently, ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread", which generally varies based on the ETF's trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940, some ETFs, in particular those that invest in commodities, are not registered as an investment company.

The discussion of risks above is not meant to be a complete description of all risks that investors may face. Investors should be prepared to bear the risks of their investments.

### **Item 9 – Disciplinary Information**

Merion Capital LLC has no legal or disciplinary information, material or otherwise, applicable to this Item.

### **Item 10 – Other Financial Industry Activities and Affiliations**

Merion Capital LLC has no other business activities, no other financial activities, and no affiliations with any other business.

Merion Capital LLC or management persons are not registered nor have applications pending to register as a broker-dealer, a representative of a broker dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities and is not engaged in any other financial activities. Merion Capital LLC or management persons have no relationships with broker-dealers, municipal securities dealers or government securities dealers, investment companies or other pooled investment vehicles, other investment advisers or financial planners, futures commodity merchant, commodity pool operator or commodity trading advisor, banking or thrift institutions, accountants or accounting firms, lawyers or law firms, pension consultant, real estate broker or dealer or sponsor or syndicator of limited partnerships.

#### **Item 11 – Code of Ethics**

Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, Merion Capital LLC has adopted a Code of Ethics which applies to all supervised persons of the firm. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading and personal securities trading procedures, among other things. All supervised persons of Merion Capital LLC acknowledge the terms of the Code of Ethics annually, or as amended.

Merion Capital LLC or related persons may buy or sell for their personal accounts securities that are identical to those recommended or purchased for client accounts. In addition, associated individuals 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. This practice creates a conflict of interest in that Merion Capital LLC or individuals associated with us may have an incentive not to recommend the sale of securities held by clients in order to protect the value of their personal investment. Such conflict of interest is addressed in our Code of Ethics, which requires all personnel to always place client interests ahead of their own and to adhere to the procedures set forth in our firm’s Code of Ethics relating to these transactions.

Merion Capital LLC’s clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Chris C. Ruppel.

#### **Item 12 – Brokerage Practices**

Merion Capital LLC does not have the authority to determine the broker or dealer to be used or the commission rates paid to these brokers in connection with client transactions.

The decision to use a particular broker is made by the client. Merion Capital LLC will assist clients with broker selection when requested.

Merion Capital LLC has no soft dollar arrangements with any other institution, business, or person. Research is done within Merion Capital LLC. Research tools, software, and data are purchased from commercial vendors at open market prices. Academic or financial industry publications are used without obligation or compensation. Merion Capital LLC has no incentive other than best execution and quality of service to recommend broker-dealers, custodial services or any other products or services to clients.

### **Item 13 – Review of Accounts**

Client accounts are reviewed by Chris C, Ruppel, President and Chief Compliance Officer. Accounts are reviewed monthly with formal reporting issued quarterly. Accounts are reviewed on an on-going basis for appropriateness and adherence to the client's investment policy statement. Major contributions or withdrawals may result in account reviews.

Reports are issued quarterly and reflect account positions, performance results, and the calculation of the quarterly consulting fees. Quarterly reports maybe accompanied by a memo, articles of interest, any of which may address pertinent investment issues and/or performance results. Other correspondence in letter and/or report form may be submitted as a result of individual client requests.

### **Item 14 – Client Referrals and Other Compensation**

Merion Capital LLC or a related person does not receive any economic benefits from any outside firms who provide investment advice or other advisory services to our clients. Merion Capital LLC or a related person does not directly or indirectly compensate any person who is not a Merion Capital LLC supervised person for client referrals.

### **Item 15 – Custody**

Merion Capital LLC does not have physical custody of client funds or securities, which are held by qualified custodians. However, Merion Capital LLC is deemed to have custody of client funds and securities where we have the authority to deduct advisory fees directly from the clients' accounts. As such, and in accordance with Rule 206(4)-2 under the Investment Advisers Act of 1940, all of our clients receive at least quarterly account statements directly from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Merion Capital LLC urges clients to carefully

review such statements and compare such official custodial records to the account statements that Merion Capital LLC may provide to the client. Merion Capital LLC statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

**Item 16 – Investment Discretion**

Merion Capital LLC does not exercise trading discretion over client accounts.

**Item 17 – Voting Client Securities**

As a matter of company policy and practice, Merion Capital LLC does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Merion Capital LLC may provide advice to clients regarding the clients' voting of proxies. Clients maintain exclusive responsibility for making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, class or mass actions legal actions or other events pertaining to the client's investment assets.

**Item 18 – Financial Information**

Merion Capital LLC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.