

Part 2A of Form ADV: Firm *Brochure*

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Item 4 Advisory Business

Item 5 Fees and Compensation

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

Item 7 Types of *Clients*

A large, empty rectangular box with a thin black border, occupying the majority of the page below the header. It is intended for the user to write their response to the question 'Types of Clients'.

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

Item 10 Other Financial Industry Activities and Affiliations

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

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Part 2B of Form ADV: *Brochure Supplement*

Full name: Bryn Heyser Torkelson

Year of Birth: 1956

Educational Background:

University of Oregon; Eugene, OR; 1980; B.S. - Finance

Business experience for past 5 years:

President and Sole Owner; Deschutes Portfolio Strategy LLC; 2010-present

President, Principal and Chief Compliance Officer; Deschutes Investment Advisors, Inc. until 2011

Disciplinary Information:

There are no legal or disciplinary events material to a client's or prospective client's evaluation.

Other Business Activities:

As discussed elsewhere in this brochure, Mr. Torkelson is the sole owner of DPS. As also previously discussed, Mr. Torkelson is the sole owner of Matisse Capital Management, the general partner to Matisse Absolute Return Fund and Matisse Long/Short Income Focus Fund. This creates a conflict of interest in that Mr. Torkelson has a greater financial incentive in DPS clients investing in the funds.

Additional Compensation:

Mr. Torkelson, as sole owner of Matisse Capital Management, may receive payments from partners in MAR or MLSIFF who are not clients of DPS.

Supervision:

As President of DPS, Mr. Torkelson is self-supervised.

Full name: Daniel Creston Sholian

Year of Birth: 1956

Educational Background:

University of Oregon; Eugene, OR; 1980; B.S. - Finance

Business experience for past 5 years:

Senior Client Services; Deschutes Portfolio Strategy LLC; 2010-present

Senior Client Services; Deschutes Investment Advisors, Inc. until 2011

Disciplinary Information:

There are no legal or disciplinary events material to a client's or prospective client's evaluation.

Other Business Activities:

None

Additional Compensation:

None

Supervision:

Bryn Torkelson monitors, on an informal basis, and supervises, the advisory activities of Mr. Sholian on behalf of the firm.

Full name: Eric Boughton, CFA

Year of Birth: 1975

Educational Background:

University of Houston; Houston, TX; 1997; B.S. – Mathematics—Applied Analysis

Business experience for past 5 years:

Portfolio Manager and Analyst; Deschutes Portfolio Strategy LLC; 2010-present

Portfolio Manager and Analyst; Deschutes Investment Advisors, Inc. until 2011

Professional Designation:

Chartered Financial Analyst (CFA)

To earn a CFA charter, you must have four years of qualified investment work experience, become a member of CFA Institute, pledge to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct on an annual basis, apply for membership to a local CFA member society, and complete the CFA Program. The CFA Program is organized into three levels, each culminating in a six-hour exam. Completing the Program takes most candidates between two and five years. The Program reflects a broad Candidate Body of Knowledge™ (CBOK) developed and continuously updated by active practitioners to ensure that charterholders possess knowledge grounded in the real world of today's global investment industry.

Disciplinary Information:

There are no legal or disciplinary events material to a client's or prospective client's evaluation.

Other Business Activities:

None

Additional Compensation:

A portion of Mr. Boughton's bonus is based on the performance of, and fees collected on, Matisse Long/Short Income Focus Fund. Mr. Boughton therefore has a financial incentive to recommend the fund. Mr. Boughton also receives a portion of the advisory fees collected from two clients, and may benefit from further such arrangements in the future. The current arrangements make up less than 10% of Mr. Boughton's total compensation.

Supervision:

Bryn Torkelson monitors, on an informal basis, and supervises, the advisory activities of Mr. Boughton on behalf of the firm.

Full name: Amanda Harvey, CFP®

Year of Birth: 1978

Educational Background:

California Polytechnic State University; BS-Business Administration—Financial Management; 2000

Business experience for past 5 years:

Operations Manager & Client Services; Deschutes Portfolio Strategy LLC; 2010-present
Operations Manager & Client Services; Deschutes Investment Advisors, Inc. until 2011

Professional Designation:

Certified Financial Planner (CFP): The Certified Financial Planner (CFP) designation is a professional certification mark for financial planners conferred by the Certified Financial Planner Board of Standards, Inc. (CFP Board) in the United States. To receive authorization to use the designation, the candidate must meet education, examination, experience and ethics requirements, and pay an ongoing certification fee. To earn the CFP designation, candidates must meet several requirements—the first of which is the educational requirement, which requires candidates to have a bachelor's degree or higher from an accredited U.S. college or university. As a first step to the present CFP certification criteria, students must master a list of nearly 100 topics on integrated financial planning. The topics cover major planning areas such as:

- General Principles of Finance and Financial Planning
- Insurance Planning
- Employee Benefits Planning
- Investment and Securities Planning
- State and Federal Income Tax Planning
- Estate Tax, Gift Tax, and Transfer Tax Planning
- Asset Protection Planning
- Retirement Planning
- Estate Planning

To fulfill the education requirement, students are required to complete course training in the above listed topic areas in order to meet the first requirement to sit for the 10 hour CFP Board Certification Examination. A bachelor's degree (or higher), or its equivalent in any discipline, from an accredited college or university is required to attain CFP certification. The bachelor's degree requirement is a condition of initial certification; it is not a requirement to be eligible to take the CFP Certification Examination. The CFP Certification Examination is a 10-hour multiple choice exam, divided into one four-hour session (Friday afternoon) and two three-hour sessions (Saturday). The exam includes three major case problems and is designed to assess the student's ability to apply his or her knowledge of the aforementioned areas to financial planning situations.

Disciplinary Information:

There are no legal or disciplinary events material to a client's or prospective client's evaluation.

Other Business Activities:

None

Additional Compensation:

None

Supervision:

Bryn Torkelson monitors, on an informal basis, and supervises, the advisory activities of Mrs. Harvey on behalf of the firm. Recommendations are made within company-selected mutual funds and company-constructed model portfolios.

Full name: Bryan Smith

Year of Birth: 1961

Educational Background:

Oregon State University; BS-Business Administration—Marketing; 1985

Business experience for past 5 years:

Marketing & Client Services, Portfolio Manager; Deschutes Portfolio Strategy LLC; 2011-present

Portfolio Manager; Gamble Jones Investment Counsel; 2008-2010

Branch Manager; TDAmeritrade; 1993-2008

Disciplinary Information:

There are no legal or disciplinary events material to a client's or prospective client's evaluation.

Other Business Activities:

None

Additional Compensation:

Mr. Smith is currently on a straight salary, but his contract specifies that he receive a portion of the advisory fees collected from certain clients once a certain asset base is attained.

Supervision:

Bryn Torkelson monitors, on an informal basis, and supervises, the advisory activities of Mr. Smith on behalf of the firm. Recommendations are made within company-selected mutual funds and company-constructed model portfolios. For concentrated stock positions, Mr. Smith sells covered calls to generate income in accordance with client objectives.
