

MRD, Inc.

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Form ADV, Part 2A Brochure

February 18, 2015

This brochure provides information about the qualifications and business practices of MRD, Inc. If you have any questions about the contents of this brochure, please contact us at (949) 365-0598 or michael@dekovner.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.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that MRD, Inc. or any person associated with MRD, Inc. has achieved a certain level of skill or training. Additional information about MRD, Inc. is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 - MATERIAL CHANGES

The purpose of this page is to inform you of any material changes to our brochure. If you are receiving this brochure for the first time this section may not be relevant to you.

MRD, Inc. (“MRD”) reviews and updates our brochure at least annually to make sure that it is still current. We have not made material changes since the annual update to our brochure, dated March 4, 2014.

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ITEM 4 - ADVISORY BUSINESS

Description of Advisory Firm

MRD, Inc. (“MRD,” “we,” “our,” or “us”) is a privately owned corporation headquartered in Irvine, CA. MRD is registered as an investment adviser with the U.S. Securities and Exchange Commission.

Michael R. DeKovner, President & principal owner (formerly Michael R. DeKovner, Sole Proprietor), founded MRD in 2000.

Advisory Services Offered

MRD offers the following services to advisory clients:

Investment Management Services

MRD generally provides continuous and regular investment supervisory services on a discretionary basis, and in limited circumstances, on a non-discretionary basis. Michael DeKovner works with clients and has the ongoing responsibility to select and make recommendations, based upon the objectives of the client, as to specific securities or other investments held in client accounts.

MRD may offer investment advice on any investment held by the client at the start of the advisory relationship. Recommendations for new investments typically include diversified mutual fund portfolios. We may also occasionally offer advice regarding additional types of investments if they are appropriate to address the individual needs, goals, and objectives of the client, or in response to client inquiry.

We discuss our discretionary authority below under **Item 16 - Investment Discretion**. For more information about the restrictions clients can put on their accounts, see **Tailored Services and Client Imposed Restrictions** in this item below.

We describe the Fees charged for investment management services below under **Item 5 - Fees and Compensation**.

Financial Planning Services

MRD does not generally provide comprehensive financial planning services, but we may offer financial planning related services as part of our overall advisory services. These services may involve providing advice to clients regarding the investment/management of financial resources based upon an analysis of their individual needs. However, services do not include preparation of any written financial plan, or any income tax, gift, or estate tax returns, or preparation of any legal documents.

MRD does not receive separate compensation for financial planning related services.

Consulting Services

On rare occasions, MRD may also offer investment consulting services to clients on an hourly basis. Consultation services vary according to the specific needs of the client and may include one-time

investment advice for individuals or institutions. Clients are not obligated to implement investment recommendations made in hourly consultations through MRD.

We describe the fees charged for consulting services below under ***Item 5 - Fees and Compensation***.

Limitations on Investments

Limitation by Plan Sponsor/Employer

In the event MRD is managing assets within a retirement plan such as 401(k), 403(b), ORP or other employer plan, MRD is limited to those investment providers and investment options chosen by the plan administrator. Similarly, when we provide services to participants in an employer-sponsored plan, the participant may be limited to investing in securities included in the plan's investment options. Therefore, MRD can only make recommendations to the client from among the available options, and will not recommend or invest the client's account in other securities, even if there may be better options elsewhere.

Limitation by Type of Security

Limitation on Equities

MRD does not invest in individual equity securities. However, we do hold individual positions as an accommodation to clients. MRD does not monitor or provide advice pertaining to any client-directed position held as an accommodation. We will only transact in individual equities when selling existing holdings of new accounts and/or at the client's request.

Limitation on Fixed Income

MRD utilizes debt-related mutual funds only for the fixed-income allocation of portfolios. We typically do not conduct individual fixed income securities transactions except when liquidating existing positions in new client accounts. On occasion, we may hold individual fixed-income securities contained in new accounts. The holding period may be temporary or until maturity based on the individual needs of the client.

Limitation on Exchange Traded Funds (ETFs) and Closed End Funds

MRD recommends ETFs on a limited basis and closed-end funds less frequently.

Mutual Fund Limitations

No Load Mutual Funds

MRD generally limits recommendations of mutual funds to no load funds or equivalent investment products.

TIPS Funds

Treasury Inflation Protection Securities (TIPS) are inflation-indexed securities structured to remove inflation risk. MRD does not recommend individual TIPS, but may recommend mutual funds that include TIPS within the underlying fund holdings.

Limitation by Custodian

There may also be limitations on the mutual funds that we recommend. For clients with accounts held at certain custodians, MRD is limited to the mutual funds available through the custodian. The custodians we recommend to clients include Schwab Institutional®, a division of Charles Schwab & Co., Inc. ("Schwab"), and Fidelity Institutional Wealth Services, a division of Fidelity Brokerage Services, Inc. ("Fidelity"), registered broker-dealers, Members SIPC.

Limitation by Client

MRD may also limit advice based on certain client-imposed restrictions. For more information about the restrictions clients can put on their accounts, see ***Tailored Services and Client Imposed Restrictions*** below.

Tailored Services and Client Imposed Restrictions

MRD manages client accounts based on the investment strategy discussed below under ***Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss***. MRD applies the strategy for each client, based on the client's individual circumstances and financial situation. We make investment decisions for clients based on information the client supplies about their financial situation, goals, and risk tolerance. Our recommendations may be limited if the client does not provide us with accurate and complete information. It is the client's responsibility to keep MRD informed of any changes to their investment objectives or restrictions.

Clients may also request other restrictions on the account, such as when a client needs to keep a minimum level of cash in the account or does not want MRD to buy or sell certain specific securities or security types in the account. MRD reserves the right to not accept and/or terminate management of a client's account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client's investment strategy.

Assets Under Management

MRD manages client assets in discretionary and non-discretionary accounts on a continuous and regular basis. As of 12/31/2014, the total amount of assets under our management was:

Discretionary:	\$88,580,986
Non-Discretionary:	\$10,059,957
Total:	\$98,640,943

ITEM 5 - FEES AND COMPENSATION

Fee Schedule

Investment Management Services

MRD charges advisory fees for investment management services. We charge advisory fees at a negotiable rate ranging between 0.40% and 1.00% based on the market value of the portfolio. We

determine each client's rate according to the size of the account and the scope & complexity of the contracted management services. On rare occasions, MRD may offer advisory services for a lower percentage amount. Some accounts may be under different fee arrangements honoring prior agreements. Generally, Michael DeKovner only waives fees for his own accounts. In addition, MRD may also occasionally waive advisory fees for client-directed positions held in accounts, solely at the firm's discretion.

We make pro-rations for additions or withdrawals during a quarter. The client's quarterly fee calculation will reflect any pro-rated additions and/or reductions.

Consulting Services

At a client's request, MRD may offer consulting services at an hourly rate, which is negotiable depending on the nature and complexity of each client's circumstances. In these instances, we will provide the rate and an estimate of the total hours required at the start of the relationship.

Billing Method

Investment Management Services

MRD's advisory fees are payable quarterly in arrears based on the account market value on the last day of the calendar quarter. The first payment is due after the first quarter under management. The formula used for the calculation is as follows: $(Annual\ Rate) \times (Total\ Assets\ Under\ Management\ at\ Quarter-End) / 4$. Fees billed on assets held in client accounts that receive valuations less than quarterly will be calculated using the most recent pricing data available through the Investment Sponsor and/or the client's custodian.

For advisory fee calculation purposes, a calendar quarter is a period beginning on January 1, April 1, July 1, or October 1 and ending on the day before the next quarter. A day is any calendar day including weekends and holidays. For new accounts and terminations, the number of days remaining in the quarter is the number of calendar days following the date a new account is funded or the date MRD receives a termination notification.

With client authorization, MRD will automatically withdraw MRD's advisory fee from the client's account held by an independent custodian. Typically, the custodian withdraws advisory fees from the client's account during the first month of each quarter based on MRD's instruction. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee.

MRD will send an invoice to each client who authorizes MRD to withdrawal fees directly from the custodian. The invoice will include the value of the account upon which we calculated the fee, the fee calculation, and the fee amount debited. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

Consulting Services

One-half of the total estimated hourly fees are due and payable at the time the client executes the engagement letter. The remainder of the fee is due upon the rendering of consulting services.

Other Fees and Expenses

MRD's fees do not include custodian fees. Clients pay all brokerage commissions, stock transfer fees, and/or other similar charges incurred in connection with transactions in accounts from the assets in the account, which are in addition to the fees client pays to MRD. See **Item 12 - Brokerage Practices** below for more information.

In addition, any mutual fund shares held in a client's account may be subject to early redemption fees and other fund-related expenses. The fund's prospectus fully describes the fees and expenses. All fees paid to MRD for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds also pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares.

Termination

Either party may terminate the advisory engagement at any time by providing written notice to the other party. The client may terminate the engagement at any time by writing MRD at our office. Upon termination of the engagement, any earned, unpaid advisory fees will be due and payable. The client will receive an invoice showing the advisory fees due for services rendered and not yet paid.

Other Compensation

MRD does 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.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

MRD does not charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

ITEM 7 - TYPES OF CLIENTS

MRD offers discretionary and non-discretionary investment advisory services to individuals, high net worth individuals, trusts and estates, and individual participants of retirement plans. In addition, we offer advisory services to pension and profit sharing plans, charitable organizations, and businesses.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

General Investment Strategies

MRD uses diversification of mutual funds in an effort to optimize the risk and potential return of our clients' accounts. Our general investment strategy is to seek real capital growth proportionate with the level of risk the client is willing to take. We treat each client account uniquely. MRD provides an initial allocation in the engagement letter. MRD selects funds based on the client's attitude about risk, need for capital appreciation or income, and account objectives. We deal with any client restrictions on an account-by-account basis.

Since MRD treats each client account uniquely, client portfolios with a similar investment objectives and asset allocation goals may own different securities. Timing and tax factors may also influence MRD's investment decisions.

Methods of Analysis for Selecting Securities

MRD uses fundamental analysis in the selection of mutual funds, including the analysis of fund managers, annual reports, and any competitive advantages. Additionally, in analyzing and selecting mutual funds, MRD uses public and private research sources, fund reporting, and fund conference calls. Regarding equity mutual funds, MRD reviews key characteristics such as historical performance, consistency of returns, risk level, size of fund, etc. Expense ratio and other costs are also significant factors in fund selection.

Investment Strategies for Managing Portfolios

MRD may use tactical asset allocation, cash as a strategic asset, long-term holding, and dollar-cost-averaging strategies in the construction and management of client portfolios. In addition, we generally recommend funds with flexible mandates to our clients. These fund managers may additionally provide defensive, hedging, leveraging, margin, and/or concentrated portfolio strategies within the funds they manage.

Tactical Asset Allocation

MRD may use a tactical asset allocation strategy in the shorter term to deviate from a client's long-term strategic asset allocation target in an effort to take advantage of what we perceive as market pricing anomalies or strong market sectors or to avoid perceived weak sectors. Once MRD achieves the desired short-term opportunities or perceives that opportunities have passed, we generally return a client's portfolio to the original strategic asset mix. There is no guarantee that this strategy will be successful and we make no promises or warranties as to the accuracy of our market analysis.

Cash as a Strategic Asset

MRD may use cash as a strategic asset and may at times move or keep client's assets in cash or cash equivalents. MRD makes no guarantees, promises, or warranties as to the accuracy of our market analysis.

Long-term Holding

MRD does not generally purchase securities for clients with the intent to sell the securities within 30 days of purchase, as MRD does not use short-term trading as an investment strategy. However, there may be times when MRD will sell a security for a client when the client has held the position for less than 30 days.

Dollar-Cost-Averaging

Dollar cost averaging involves investing money each month or quarter, to take advantage of price fluctuations in the attempt to get a lower average cost per share.

General Risk of Loss Statement

Prior to entering into an engagement with MRD, the client should carefully consider:

1. That investing in securities involves risk of loss which clients should be prepared to bear;
2. That securities markets experience varying degrees of volatility;
3. That over time the client's assets may fluctuate and at any time be worth more or less than the amount invested; and
4. That clients should only commit assets that they feel are available to MRD for investment on a long-term basis. This is typically a minimum of five to seven years.

Risks

General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

Mutual funds that hold securities issued by entities based outside the United States may be subject to increased levels of the risks described above. Currency fluctuations and controls, different accounting, auditing, financial reporting, disclosure, regulatory and legal standards and practices could also affect investments in securities of foreign issuers. Additional factors may include expropriation, changes in tax policy, greater market volatility, different securities market structures, and higher transaction costs. Finally, various administrative difficulties, such as delays in clearing and settling portfolio transactions, or in receiving payment of dividends can increase risk. Finally, investments in securities issued by entities domiciled in the United States may also be subject to many of these risks.

Mutual Funds (Open-end Investment Company)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these

investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any transaction fees that the custodian imposes at the time of purchase.

The benefits of investing through mutual funds include:

Professionally Managed

Mutual funds are professionally managed by investment adviser who research, select, and monitor the performance of the securities the fund purchases.

Diversification

Mutual funds typically have the benefit of diversification, which is an investing strategy that generally sums up as "Don't put all your eggs in one basket." Spreading investments across a wide range of companies and industry sectors can help lower the risk if a company or sector fails. Some investors find it easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds.

Affordability

Some mutual funds accommodate investors who do not have a lot of money to invest by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both.

Liquidity

At any time, mutual fund investors can readily redeem their shares at the current NAV, less any fees and charges assessed on redemption.

Mutual funds also have features that some investors might view as disadvantages:

Costs Despite Negative Returns

Investors must pay annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.

Lack of Control

Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.

Price Uncertainty

With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

Different Types of Funds

When it comes to investing in mutual funds, investors have literally thousands of choices. Most mutual funds fall into one of three main categories; money market funds, bond funds (also called “fixed income” funds), and stock funds (also called “equity” funds). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

Money Market Funds

Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high quality, short-term investments issued by the U.S. Government, U.S. corporations, and state and local governments. Money market funds try to keep their net asset value (NAV), which represents the value of one share in a fund, at a stable \$1.00 per share. However, the NAV may fall below \$1.00 if the fund’s investments perform poorly. Investor losses have been rare, but they are possible. Money market funds pay dividends that generally reflect short-term interest rates, and historically the returns for money market funds have been lower than for either bond or stock funds. That is why “inflation risk,” the risk that inflation will outpace and erode investment returns over time, can be a potential concern for investors in money market funds.

Bond Funds

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields. Unlike money market funds, the SEC’s rules do not restrict bond funds to high quality or short-term investments. Because there are many different types of bonds, bond funds can vary dramatically in their risks and rewards.

Some of the risks associated with bond funds include:

Credit Risk

There is a possibility that companies or other issuers may fail to pay their debts (including the debt owed to holders of their bonds). Consequently, this affects mutual funds that hold these bonds. Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury Bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.

Interest Rate Risk

There is a risk that the market value of the bonds will go down when interest rates go up. Because of this, investors can lose money in any bond fund, including those that invest only in insured bonds or U.S. Treasury Bonds. Funds that invest in longer-term bonds tend to have higher interest rate risk.

Prepayment Risk

Issuers may choose to pay off debt earlier than the stated maturity date on a bond. For example, if interest rates fall, a bond issuer may decide to “retire” its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

Stock Funds

Although a stock fund’s value can rise and fall quickly (and dramatically) over the short term, historically stocks have performed better over the long term than other types of investments. This is true for

corporate bonds, government bonds, and treasury securities. Overall “market risk” poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons—such as the overall strength of the economy or demand for particular products or services. Not all stock funds are the same.

Tax Consequences of Mutual Funds

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any *personal capital gains* when the investor sells shares, the investor may have to pay taxes each year on *the fund’s capital gains*. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit that cannot be offset by a loss.

Exchange-Traded Funds (ETFs)

An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) containing a basket of stocks that usually tracks a specific index or sector. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market index or that fall into a particular sector. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track that particular sector.

ETFs traditionally have been index funds, but in 2008 the U.S. Securities and Exchange Commission began to authorize the creation of actively managed ETFs.

Cash and Cash Equivalents

Client accounts may hold cash or invest in cash equivalents, which are the most liquid of investments. Cash and cash equivalents are considered very low-risk investments meaning, there is little risk of losing the principal investment. Typically, low risk also means low return and the interest an investor can earn on this type of investment is low relative to other types of investing vehicles.

Financial Planning

As part of the financial planning advice that MRD may provide to clients as an incidental advisory service, we may make general recommendations about investing a portion of your financial assets in securities. If the financial plan includes recommendations for investing in securities, you should understand that investing in securities involves risk of loss, and you should be prepared to bear that risk.

ITEM 9 - DISCIPLINARY INFORMATION

MRD and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. MRD does not have any disciplinary information to disclose.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

MRD does not offer any other services or have any affiliates in the financial industry.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

MRD believes that we owe clients the highest level of trust and fair dealing. Further, as part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. MRD's personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

MRD's Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. MRD's personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment and adherence to applicable state and federal securities laws. All personnel receive a copy of each amendment of the Code of Ethics, which they acknowledge in writing. Additionally, individuals who make securities recommendations to clients, or who have access to nonpublic information regarding any clients' purchase or sale of securities, are subject to personal trading policies governed by the Code of Ethics (see below).

MRD will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

Personal Trading Practices

Additionally, MRD's personnel are subject to personal trading policies governed by the Code of Ethics. MRD and our personnel may invest in securities that we also recommend to clients. Securities transactions on behalf of clients primarily consist of mutual funds, which do not trade but are issued and redeemed once daily at the fund's net asset value ("NAV"). Therefore, we believe that personal transactions in mutual funds do not present a conflict of interest to our clients. The Code of Ethics includes additional restrictions for our personnel in the rare event that we make non-mutual fund purchases or sales in our personal accounts.

ITEM 12 - BROKERAGE PRACTICES

Factors Considered in Selecting Broker-Dealers for Client Transactions

MRD generally requires clients to open one or more custodian accounts in their own name at Schwab Advisor Services™, a division of Charles Schwab & Co., Inc. ("Schwab"), and/or Fidelity Institutional Wealth Services, a division of Fidelity Brokerage Services, Inc. ("Fidelity"), registered broker-dealers, Members SIPC. The client will enter into a separate agreement with Fidelity or Schwab to custody the assets. MRD is independently owned and operated, and unaffiliated with any broker-dealer/custodian.

Fidelity and Schwab may charge commissions (ticket charges) for executing our transactions. We do not receive any part of these separate charges. We may recommend that clients establish accounts with

Fidelity and Schwab to maintain custody of clients' assets and to effect trades for their accounts. Fidelity and Schwab provide us access to their institutional trading and custody services, which are typically not available to Fidelity and Schwab retail investors. Fidelity and Schwab's services include brokerage custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Fidelity and Schwab do not charge separately for custody of client assets, but they do receive compensation from account holders through commissions or other transaction-related fees, or from securities trades that execute through or settle into Fidelity or Schwab.

MRD considers several factors in recommending Fidelity and Schwab to a client. Factors that MRD may consider when recommending a Fidelity and Schwab may include availability of funds, ease of use, reputation, service execution, pricing and financial strength. MRD may also take into consideration the availability of the products and services received or offered (detailed below) by Fidelity and Schwab.

Research and Other Soft Dollar Benefits

Fidelity

Fidelity makes available to us other products and services that may benefit MRD but may not directly benefit our clients' accounts. These types of services will help us in managing and administering client accounts. These include software and other technology that provide access to client account data (i.e. trade confirmations and account statements); facilitate trade executions; provide research, pricing information, and other market data; facilitate in the payment of our fees from clients' accounts; and assist with back-office functions, record keeping, and client reporting. Many of these services may be used to service all or a substantial number of our accounts. We place trades for our clients' accounts subject to our duty to seek best execution. We may use broker-dealers other than Fidelity to execute trades for client accounts maintained at Fidelity, but this practice may result in additional costs to clients so that we are more likely to place trades through Fidelity rather than other broker-dealers. Fidelity's execution quality may be different from other broker-dealers.

Fidelity may also provide other benefits such as educational events, conferences on practice management, regulatory compliance, information technology, and business success. Fidelity may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to MRD.

Schwab

MRD may receive from Schwab, without cost (or at a discount), support services and/or products that benefit MRD but may not directly benefit our clients' accounts. Schwab makes available products and services that we may use to service all or some substantial number of our accounts, including accounts not maintained with Schwab. Schwab makes these products and services available to us on an unsolicited basis, at no charge to us so long as MRD maintains a total of at least \$10 million of our clients' assets in accounts at Schwab.

Schwab makes available products and services that assist MRD in managing and administering clients' accounts including software and other technology that:

1. provide access to client account data (such as trade confirmations and account statements);
2. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
3. provide research, pricing and other market data;
4. facilitate payment of MRD's fees from our clients' accounts; and
5. assist with back-office functions, recordkeeping, and client reporting.

Schwab also offers other services intended to help MRD manage and further develop our business enterprise. These services may include:

1. compliance, legal and business consulting;
2. publications and conferences on practice management and business succession; and
3. access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may make available, arrange, and/or pay third-party vendors for the types of services provided to MRD. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to MRD. Schwab may also provide other benefits such as educational events or occasional business entertainment of MRD personnel.

Because of MRD's professional relationship with Schwab, MRD may receive discounts for services provided by PortfolioCenter® and Morningstar (PortfolioCenter® is a product of Performance Technologies, Inc., which is a subsidiary of Charles Schwab & Co., Inc.)

Summary

As part of our fiduciary duty to clients, MRD endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by MRD or our personnel in and of itself creates a potential conflict of interest and may indirectly influence MRD's recommendation of Fidelity or Schwab for custody and brokerage services.

Brokerage for Client Referrals

MRD does not receive client referrals from any broker-dealer or third party in exchange for using that broker-dealer or third party.

Directed Brokerage

Except when providing advice to retirement plans or plan participants, MRD does not allow clients to direct us to use a specific broker-dealer to execute transactions. Clients must use the broker-dealers that MRD recommends. Not all investment advisers require their clients to direct brokerage. Since we require clients to maintain their accounts with Fidelity or Schwab, it is also important for clients to consider and compare the significant differences between having assets custodied at another broker-dealer, bank or other custodian prior to opening an account with us. Some of these differences include, but are not limited to; total account costs, trading freedom, transaction fees/commission rates, and security and technology services. By requiring clients to use Fidelity or Schwab, MRD believes we may be able to more effectively manage the client's portfolio, achieve favorable execution of client transactions, and overall lower the costs to the portfolio.

Retirement plan and plan participant clients that require MRD to use a particular broker-dealer for all trading may pay higher commission charges. Under these circumstances, MRD may not have authority to negotiate commissions or obtain volume discounts, or seek best execution. Retirement plan and plan participant clients should further understand that a disparity in transaction charges might exist between the transaction costs charged to other clients.

Aggregation and Allocation of Transactions

MRD enters transactions for each client independently and does not aggregate (combine) client orders. Aggregating trades may benefit clients by purchasing or selling in larger blocks in an attempt to take advantage of better pricing or lower trading costs. We do not feel that clients are at a disadvantage because we do not aggregate client orders. MRD primarily uses mutual funds to manage client accounts. Mutual funds are priced once daily. As the daily price is the same for each investor, we have no opportunity to obtain better pricing through aggregating. Additionally, the broker-dealer/custodians charge each account an individual transaction fee regardless of whether we aggregate or not, so we are unable to lower trading costs through aggregation.

ITEM 13 - REVIEW OF ACCOUNTS

Managed Account Reviews

MRD seeks to meet client objectives by monitoring clients' investment portfolios on a regular basis. Each individual client and MRD determines the frequency of review, which may be at any chosen interval. MRD may request more immediate reviews if we determine that special circumstances or material factors warrant additional attention. Michael DeKovner conducts all client account reviews.

Account Reporting

Each client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. In addition, MRD provides written reports detailing performance in discretionary client accounts on a quarterly basis. MRD does not provide performance reporting for accounts managed on a non-discretionary basis. MRD may also provide additional reporting as agreed upon by MRD and the client on a case-by-case basis.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Outside Compensation

MRD may refer clients to unaffiliated professionals for specific needs, such as accounting and tax preparation services. In turn, these professionals may refer clients to MRD for advisory services. We do not have any agreements with any individual or company that we refer clients to, and we do not receive any compensation for these referrals. However, it could be concluded that MRD is receiving an indirect economic benefit from the arrangement if we receive a reciprocal referral.

MRD only refers clients to professionals we believe are competent and qualified in their field. However, it is ultimately the client's responsibility to evaluate the provider. It is solely the client's decision whether to engage a recommended firm. Clients are under no obligation to purchase any products or

services through these professionals, and MRD has no control over the services provided by another firm. Clients who chose to engage these professionals will sign a separate agreement with the other firm. Fees charged by the other firm are separate from and in addition to fees charged by MRD.

If the client desires, MRD will work with these professionals or the client's other advisers (such as an accountant or attorney) to help ensure that the provider understands the client's investments and to coordinate services for the client. MRD will never share information with an unaffiliated professional unless first authorized by the client.

ITEM 15 - CUSTODY

MRD has limited custody of some of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. Clients will receive statements directly from your qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of MRD'S fee.

Clients should carefully review the account statements you receive from your qualified custodian. When clients receive statements from MRD as well as from the qualified custodian, clients should compare these two reports carefully. Clients with any questions about your statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive their statement from your qualified custodian at least quarterly should also notify us.

ITEM 16 - INVESTMENT DISCRETION

Discretionary Management

MRD generally has full discretion to decide the specific security to trade, the quantity, and the timing of transactions for client accounts. MRD will not contact clients before placing trades in their account, but clients will receive confirmations directly from the broker for any trades placed. Clients grant us discretionary authority in the contracts they sign with us. Clients also give us trading authority over their accounts when they sign the custodian paperwork.

However, certain client-imposed conditions may limit MRD's discretionary authority, such as where the client prohibits transactions in specific security types or directs MRD to execute transactions through specific broker-dealers. See also **Item 4 - Tailored Services and Client Imposed Restrictions** and **Item – 12 Brokerage Practices**, above.

Non-Discretionary Management

On rare occasions, MRD will manage a client's account on a non-discretionary basis. In these instances, we may make recommendations to clients on what securities or products to buy or sell, and it is up to the client to approve our recommendations. Once we receive approval from the client to go forward, we will place the trades in the client's account. Clients give us trading authority over their accounts when they sign the custodian paperwork.

ITEM 17 - VOTING CLIENT SECURITIES

Proxy Voting

MRD does not accept or have the authority to vote client securities. MRD will not be deemed have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

ERISA

For accounts subject to ERISA, an authorized plan fiduciary other than MRD will retain proxy voting authority. Our engagement letter and/or the plan's written documents will evidence and outline this authority.

Mutual Funds

The investment adviser that manages the assets of a registered investment company (i.e., mutual fund) generally votes proxies issued on securities held by the mutual fund.

Class Actions

MRD does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will provide the client with any transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action.

ITEM 18 - FINANCIAL INFORMATION

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. MRD does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance, and does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

Form ADV, Part 2B Brochure Supplement

Michael R. DeKovner, CFP

MRD, Inc.
2338 SCHOLARSHIP
Irvine, CA 92612
949-365-0598

February 18, 2015

This brochure supplement provides information about Michael DeKovner that supplements the MRD, Inc. brochure. You should have already received a copy of that brochure. Please contact Michael DeKovner if you did not receive our brochure or if you have any questions about the contents of this supplement.

Additional information about Michael R. DeKovner is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Michael R. DeKovner, President, b. 1961

Education:

- Certified Financial Planner, 1992
- M.B.A., Northwestern University, Evanston, IL, Finance, 1985
- B.A., University of California, Los Angeles, CA, Economics, 1983

Business Background:

- MRD, Inc. (formerly Michael R. DeKovner, Sole Proprietor), President, 07/2000 to Present
- Pepperdine University, Adjunct Professor, 05/2000 to 10/2004

Professional Designations

Certified Financial Planner

The CERTIFIED FINANCIAL PLANNER™ and CFP® (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP® Board”). The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. The CFP® is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients.

To earn the credential, each CFP® candidate must have a bachelor’s degree (or higher) from an accredited college or university and three years of full-time personal financial planning experience. In addition, candidates must take the CFP® Certification examination and complete a CFP®-board registered program or hold an accepted designation, degree, or license. Every two years, CFP® certificate holders must complete a minimum of 30 hours of continuing education. More information regarding the CFP® is available at <http://www.cfp.net/default.asp>.

ITEM 3 - DISCIPLINARY INFORMATION

Mr. DeKovner has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Mr. DeKovner’s only business is providing investment advice through MRD.

ITEM 5 - ADDITIONAL COMPENSATION

Mr. DeKovner’s only compensation comes from his regular salary and ownership of MRD.

ITEM 6 - SUPERVISION

Mr. DeKovner is the principal of MRD and supervises all employees.

Customer Information Privacy Principles

At MRD, Inc., we want to assure all of our clients that whenever information is used, it is done with discretion. The safeguarding of customer information is an issue we take seriously at MRD, Inc. To affirm our continuing commitment to the proper use of customer information, we have set forth the following Privacy Principles. It is these Privacy Principles that guide us in serving the privacy needs of our customers.

1. **Recognition of a Customer's Expectation of Privacy:** At MRD, Inc., we believe the confidentiality and protection of customer information is one of our fundamental responsibilities. And while information is critical to providing quality service, we recognize that one of our most important assets is our customers' trust. Thus, the safekeeping of customer information is a priority for MRD, Inc.
2. **Use, Collection, and Retention of Customer Information:** MRD, Inc. limits the use, collection, and retention of customer information to what we believe is necessary or useful to conduct our business and provide quality service. Information collected may include, but is not limited to: name, address, telephone number, tax identification number, date of birth, employment status, annual income, net worth, and transactions with us or others.
3. **Limiting Employee Access to Information:** At MRD, Inc., employee access to personally identifiable customer information is limited to those with a business reason to know such information. Because of the importance of these issues, all MRD, Inc. employees are responsible for maintaining the confidentiality of customer information.
4. **Protection of Information via Established Security Procedures:** MRD, Inc. recognizes that a fundamental element of maintaining effective customer privacy procedures is to provide reasonable protection against the unauthorized access to customer information. Therefore, MRD, Inc. has established appropriate security standards and procedures to guard against any unauthorized access to customer information.
5. **Restrictions on the Disclosure of Customer Information:** When it comes to sharing customer information with unaffiliated companies, MRD, Inc. places strict limits on who receives specific information about customer accounts and other personally identifiable data. MRD, Inc. may share information with unaffiliated companies that assist us in providing our products and services to our customers in the normal course of our business (for example, with custodians and regulators); when legally required or permitted in connection with fraud investigations and litigation; in connection with acquisitions and sales; and at the request and with the written permission of a customer. MRD, Inc. will not otherwise share information with unaffiliated companies or sell its client list.
6. **Maintaining Customer Privacy in Business Relationships with Third Parties:** If we provide personally identifiable customer information to a third party with which we have a business relationship, we will insist that the third party keep such information confidential, consistent with the conduct of our business relationship.
7. **Disclosure of Privacy Principles to Customers:** MRD, Inc. recognizes and respects the privacy expectations of our customers. We want our customers to understand our commitment to privacy in our use of customer information. As a result of our commitment, we have developed these Privacy Principles which are made readily available to our customers. Customers who have questions about these Privacy Principles or have a question about the privacy of their customer information should call Michael DeKovner at 949-365-0598 or e-mail him at dekovner@aol.com.

These Privacy Principles apply to individuals, and we reserve the right to change these Privacy Principles, and any of the policies or procedures described above, at any time without prior notice. These Privacy Principles are for general guidance and do not constitute a contract or create legal rights and do not modify or amend any agreements we have with our customers.