



Item 1 – Cover Page

Form ADV Part 2A Disclosure Brochure

FolioMetrix, LLC
101 S 108th Avenue, Suite 101
Omaha, NE 68154
Ph: 888-952-4807
<http://www.foliometrix.com>

Date of Brochure: March 31, 2015

This brochure provides information about the qualifications and business practices of FolioMetrix, LLC. If you have any questions about the contents of this brochure, please contact Emily Silva at 610-687-5340 or esilva@cipperman.com.

FolioMetrix, LLC is registered as an investment adviser with the United States Securities and Exchange Commission (the "SEC") under the Investment Advisers Act of 1940 (the "Advisers Act"). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about FolioMetrix LLC is also available on the Internet at www.adviserinfo.sec.gov. You can view our firm's information on this website by searching for FolioMetrix LLC. You may search for information by using the firm's CRD number. The CRD number for FolioMetrix LLC is **150084**.

Item 2 – Material Changes

FolioMetrix, LLC's last annual update to this Form ADV Part 2A Disclosure Brochure was in March 2014. Since the annual update filing made in March 2014, the following material changes have been made to this 2A Disclosure Brochure:

- a) We removed language describing the Wrap Fee Management Program advisory service offering. Regarding the Wrap Fee Management Program, we removed language in Item 4 - Advisory Business, Item 5 - Fees and Compensation, Item 7- Types of Clients, Item 12 – Brokerage Practices, Item 13 – Review of Accounts, Item 15 – Custody, and Item 16 – Investment Discretion.
- b) We updated Item 4 – Advisory Business to add the FolioMetrix office in Carmel, California. We also changed this item to reflect the new name of FolioMetrix's parent, FolioMetrix Holdings, LLC.
- c) We updated Item 5 – Fees and Compensation to add information about the Expense Limitation Agreements with ten of the RiskX funds.
- d) In May 2014, we updated the FolioMetrix address on Item 1 - Cover Page.
- e) In July 2014, Emily Silva replaced Julie Koethe as Chief Compliance Officer.

Item 3 – Table of Contents

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business	3
Item 5 – Fees and Compensation	5
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
Item 9 – Disciplinary Information	15
Item 10 – Other Financial Industry Activities and Affiliations	15
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading	15
Item 12 – Brokerage Practices	16
Item 13 – Review of Accounts	17
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

Description of Advisory Firm

FolioMetrix, LLC (“FolioMetrix” or “FMx” or “the Firm” or “we” or “our”) is an investment adviser registered with the SEC and is a Limited Liability Company (“LLC”) formed under the laws of the State of Oregon. Our principal place of business is in Omaha, NE, and we also have offices in Portland, OR and Carmel, CA. FolioMetrix was formed in February, 2009 and has been registered as an investment advisor with the SEC since July, 2009.

FolioMetrix is a wholly owned operating subsidiary of FolioMetrix Holdings, LLC formerly known as Uptrade Research Associates, LLC.

Types of Advisory Services

FolioMetrix provides portfolio design, construction and workflow management solutions primarily to investment advisor groups and investment companies. FolioMetrix offers the following advisory services to its clients:

Investment Management Outsourcing (IMO)

FolioMetrix serves as an investment management outsourcing company to most of its clients. In this role, FolioMetrix provides research, analysis and makes recommendations to investment advisors; it does not have investment discretion over investment assets.

As an IMO, FolioMetrix generally assists its clients in:

- Developing and reviewing investment policies

- Determining appropriate asset allocations (both strategic and tactical)
- Evaluating and making investment manager recommendations
- Monitoring the performance of designated portfolios

Most of FolioMetrix's investment recommendations relate to the retention and termination of investment managers, and investments in "traditional" investments (mutual Funds, ETFs and separately managed accounts) and "alternative" investments (limited partnership and limited liability company investment Funds, hedge Funds and private market Funds).

For some of its IMO clients, FolioMetrix provides only subscription services that represents a portion of the IMO services described above (e.g. providing financial advisors solely with regular portfolio research and design recommendations through regular communications).

For certain clients, FolioMetrix designs and constructs a full spectrum of privately branded investment portfolios tailored for an array of investment objectives and risk tolerances. These customized portfolios are constructed in accordance with the parameters established through a collaborative process with financial advisory groups. The minimum asset size for a private brand portfolio program generally is \$100 million AUM per group.

Most clients for whom FolioMetrix provides IMO services receive daily performance analytics and can access monthly performance analytics and, from time to time, receive FolioMetrix research and white paper publications.

Investment Company Management Services

FolioMetrix is the Advisor of the RiskX Funds ("the Funds"), a series of the Starboard Investment Trust, an open-end management investment company established under the laws of Delaware and registered with the SEC under the Investment Company Act of 1940 (the "1940 Act").

Subject to the supervision of the Starboard Investment Trust's Board of Trustees, FolioMetrix provides a continuous investment program for the RiskX Funds on a discretionary basis, including investment research and management with respect to all securities and investments and cash equivalents in the Funds. FolioMetrix determines from time to time what securities and other investments will be purchased, retained or sold by the Funds. FolioMetrix will provide the services in accordance with the Funds' investment objectives, policies, and restrictions as stated in the Funds' prospectus. Each Fund's assets are deposited at a qualified custodian as determined and selected by the respective Fund's Board of Trustees. FolioMetrix is also responsible for the selection of broker-dealers through which the Funds execute portfolio transactions, subject to the brokerage policies established by the Starboard Investment Trust, and it provides certain executive personnel to the Funds.

The Investment Advisory Agreement has been approved for a one-year period, and may be renewed on an annual basis thereafter, provided that continuance is approved at least annually by the Board of Trustees of the Trust or by vote of the holders of a majority of the outstanding voting securities of the Funds. In either event, it must also be approved by a majority of the Trustees who are neither parties to the agreement nor interested persons as defined in the 1940 Act, at a meeting called for the purpose of voting on such approval. The Investment Advisory Agreement may be terminated at any time without the payment of any penalty by the Board of Trustees or by vote of a majority of the outstanding voting securities of the Funds on not more than 60 days' written notice to Adviser. In the event of its assignment, the Investment Advisory Agreement terminates automatically.

Limits Advice to Certain Types of Investments

FolioMetrix provides investment advice on the following types of investments.

- No-Load (i.e. no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Foreign issuers securities

Although FolioMetrix generally provides advice on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

Client Assets Managed by FolioMetrix

The amount of client assets managed by FolioMetrix totaled \$255,923,154 as of February 28, 2015. \$255,923,154 are managed on a discretionary basis and \$0 are managed on a non-discretionary basis.

Item 5 – Fees and Compensation

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding the Firm's services along with descriptions of each service's fees and compensation arrangements.

Fees for Investment Management Outsourcing (IMO)

FolioMetrix provides investment management research and design through portfolio models, but does not impose a fee for the models. The Firm also provides a daily email update on the models and markets, which is available only to other advisors in the form of subscription, free of charge.

Fees for Investment Company Management Services

As full compensation for the investment advisory services provided to the following Funds, the Advisor receives monthly compensation based on the Fund's average daily net assets at the annual rate of 0.45%: Rx Dynamic Growth Fund, Rx Dynamic Total Return Fund, Rx Non Traditional Fund, Rx High Income Fund, Rx Traditional Equity Fund, Rx Traditional Fixed Income Fund, Rx Tax Advantaged Fund, and Rx Premier Managers Fund. For its services to the Rx Tactical Rotation Fund, the Advisor receives monthly compensation based on the Fund's average daily net assets at the annual rate of 1.00%. For its services to the Rx Dividend Income Fund, the Advisor receives monthly compensation based on the Fund's average daily net assets at the annual rate of 0.90%. For its services to the Rx Fundamental Growth Fund, the Advisor receives monthly compensation based on the Fund's average daily net assets at the annual rate of 1.00%.

The Advisor has entered into an Expense Limitation Agreement with the Rx Dynamic Return Fund under which it has agreed to waive or reduce its fees and to assume other expenses of the Fund, if necessary, in an amount that limits the Fund's annual operating expenses (exclusive of interest, taxes, brokerage fees and commissions, extraordinary expenses, and payments under the Rule 12b-1 distribution plan) including acquired Fund fees and expenses to not more than 1.30% of the average daily net assets of the

Fund for Institutional and Advisor Class Shares, and to not more than 1.55% of the average daily net assets for Class P Shares. Net annual operating expenses for the Fund may exceed these limits to the extent that it incurs certain expenses as exclusions. The Expense Limitation Agreement runs through March 31, 2016, and may not be terminated prior to that date except via action of the Trust's board of trustees. The Advisor cannot recoup from the Fund any amounts paid by the Advisor under the Expense Limitation Agreement.

The Advisor has entered into a similar Expense Limitation Agreement with the Non Traditional Fund under which it has agreed to waive or reduce its fees and to assume other expenses of the Fund, if necessary, in an amount that limits the Fund's annual operating expenses (exclusive of interest, taxes, brokerage fees and commissions, extraordinary expenses, and payments under the Rule 12b-1 distribution plan) including acquired Fund fees and expenses to not more than 1.99% of the average daily net assets of the Fund for the Institutional and Advisor Class shares, and to not more than 2.24% of the average daily net assets for the Class P shares.

The Advisor has entered into a similar Expense Limitation Agreement with the High Income Fund under which it has agreed to waive or reduce its fees and to assume other expenses of the Fund, if necessary, in an amount that limits the Fund's annual operating expenses to not more than 1.44% of the average daily net assets of the Fund for the Institutional and Advisor Class shares, and to not more than 1.69% of the average daily net assets for the Class P shares.

The Advisor has entered into a similar Expense Limitation Agreement with the Traditional Equity Fund, the Traditional Fixed Income Fund, and the RX Fundamental Growth Fund under which it has agreed to waive or reduce its fees and to assume other expenses of the Funds to not more than 1.10% of the average daily net assets of the Funds for Institutional and Advisor Class shares, and to not more than 1.35% of the average daily net assets for the Class P shares.

The Advisor has entered into a similar Expense Limitation Agreement with the Tactical Rotation Fund under which it has agreed to waive or reduce its fees and to assume other expenses of the Fund to not more than 1.45% of the average daily net assets of the Fund for Institutional and Advisor Class shares, and to not more than 1.70% of the average daily net assets for Class P shares.

The Advisor has entered into a similar Expense Limitation Agreement with the Tax Advantaged Fund under which it has agreed to waive or reduce its fees and to assume other expenses of the Fund to not more than 1.26% of the average daily net assets of the Fund for Institutional and Advisor Class shares, and to not more than 1.51% of the average daily net assets for Class P shares.

The Advisor has entered into a similar Expense Limitation Agreement with the Dividend Income Fund under which it has agreed to waive or reduce its fees and to assume other expenses of the Fund to not more than 1.88% of the average daily net assets of the Fund for Institutional and Advisor Class shares, and to not more than 2.13% of the average daily net assets for Class P shares.

The Advisor has entered into a similar Expense Limitation Agreement with the Premier Managers Fund under which it has agreed to waive or reduce its fees and to assume other expenses of the Fund to not more than 1.48% of the average daily net assets of the Fund for Institutional and Advisor Class shares, and to not more than 1.73% of the average daily net assets for Class P shares.

Portfolio Turnover.

A fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual Fund operating expenses, affect the fund’s performance.

For all advisory services brokerage commissions and/or transaction ticket fees charged by the custodian and/or clearing broker/dealer are billed directly to the client. FolioMetrix does not receive any portion of such commissions or fees from the custodian or client.

Clients may incur certain charges imposed by third parties other than FolioMetrix in connection with investments made through the client’s advisory account, including but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Advisory fees charged by the FolioMetrix are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security’s prospectus.

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

FolioMetrix does not charge or accept performance-based fees, which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client’s account.

Item 7 – Types of Clients

FolioMetrix generally provides investment advice to Registered Investment Companies and the financial advisors of Investment Advisory Firms.

Minimum Investment Amounts Required

FolioMetrix does not have any minimum account size. However, certain investment company clients may have minimum investment amounts that are set forth in the prospectus of such investment companies.

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

The following section will summarize FolioMetrix’s methods of analysis in formulating investment advice.

Each FolioMetrix portfolio is optimized under the FMx Progressive Portfolio Theory™, an evolution of the Markowitz Modern Portfolio Theory mean-variance optimization (MVO) model. The FMx Progressive Portfolio Theory™ optimization views normal market conditions independently from times of market stress. It assumes that extreme market events can impact the effectiveness of traditional mean-variance optimization. Progressive Portfolio Theory™ MVO emphasizes managing the estimated downside risk in a portfolio and allocates among asset classes to maximize returns while minimizing the probability of breaching a set loss threshold. Optimization is completed at two levels while building the portfolio. Mean variance optimization is implemented at the strategy level. Those optimized strategies are then combined into portfolios that are optimized with a Monte Carlo based full-scale utility maximization function.

Strategy-Level Optimization

Prior to creating the allocation within the strategy models, each individual strategy is created in conjunction with an optimization process, where applicable. In this stage, traditional mean-variance

optimization is used to create an appropriate portfolio to maximize expected return per unit of risk. Since there is a potential for a shortfall in the time period of historical information available, the return of an index (which usually has a longer return history) for a holding may be substituted. This gives more validity to the dataset through a longer sample period. To create the mean-variance optimal allocation, statistical data is separated for volatile and normal time periods and creates the statistically optimal blend of investments. Ten alternative portfolios generally form an efficient frontier of risk levels.

Portfolio Optimization

At the portfolio level, the optimization changes from MVO to full-scale optimization (FSO). This essentially changes the objective from maximizing the return per unit of risk to setting a threshold for loss that should be avoided based on past return characteristics of strategy models. The firm's portfolio optimization process is initially capable of using all strategy models by default (currently 10). A minimum or maximum bound is set on the weightings to each individual strategy model or to groups of strategy models, depending on the objectives and underlying risk levels of the portfolios. Some strategy models have tactical risk management overlays that change the distributions of returns. For full-scale optimization, returns for the strategy model are used without the risk management overlay. FSO uses a Monte-Carlo simulation process to evaluate allocations with a lower bound for the maximum loss that can be tolerated. This lower bound, called the threshold, differs between each risk level. Essentially, a maximum loss level is set for the portfolio to avoid. The full-scale optimization model implies that any losses beyond the threshold result in increasing negative utility (dissatisfaction) and that at a certain point increasing gains have diminishing marginal utility. This is measured with an S-shaped utility function. FSO creates the optimal portfolio with the highest return-to-risk ratio and the lowest probability of breaching the loss threshold. FSO minimizes the probability of both end-of-horizon and the within-horizon risk. For all of the portfolios, 10 years is used as the default time horizon and compares the end-of-horizon and the within-horizon risk to the Morningstar Target Risk indices.

For each of the investment objectives (Accumulation, Income and Tax-Managed), six levels of risk are created: Aggressive, Moderately Aggressive, Moderate, Moderately Conservative, Conservative and Protective. The Protective portfolios have a slightly different curve for utility and loss threshold. Each protective portfolio sets the threshold at +1% returns, but there is only a slight slope to the marginal utility of returns above this level and a very steep slope for investor utility below this level. For each threshold, the Full-scale optimization uses a Monte Carlo analysis to simulate up to 10,000 potential outcomes given our inputs for risk, return, constraints, and the built-in co-variances. At different confidence intervals, the analysis shows the probability of breaching the threshold and adjusts the potential weightings to minimize that risk both within and at the end of the horizon. The FSO output shows the optimal allocation of strategy models for a given risk threshold, the probability of breaching that level both within and at the end of the horizon. The Monte Carlo output is the basis for the calculation of value at risk in volatile and normal time periods and the probability of achieving certain wealth and income levels for different confidence intervals.

FolioMetrix uses the following investment strategies when managing client assets and/or providing investment advice.

The equity based strategies cover the spectrum of passive indexing strategies to focused, actively managed strategies. In aggregate, the equity strategies diversify across geography, sector, style, size, and a number of other classifications. The underlying managers and holdings represent the global spectrum of investable equity and each individual strategy has a particular focus. This equity based

strategies are replicated in the Rx Dynamic Growth Fund, Rx Fundamental Growth Fund, Rx Traditional Equity Fund, Rx Tactical Rotation Fund, Rx Premier Managers Fund and the Rx Dividend Income Fund.

The fixed income based strategies cover the spectrum of passive indexing strategies to focused, actively managed strategies. In aggregate, the fixed income strategies diversify across geography, sector, style, size, credit, duration, and a number of other classifications. The underlying managers and holdings represent the global spectrum of investable fixed income and derivative products of fixed income and each individual strategy has a particular focus. The fixed income strategies are replicated in the Rx Dynamic Total Return Fund, Rx Traditional Fixed Income Fund, Rx High Income Fund, and the Rx Tax Advantaged Fund.

The non-traditional based strategy is designed to have a diversifying effect for equity and fixed income portfolios. This strategy contains alternative strategies that are expected to maintain a low correlation to equity and fixed income returns. This strategy is replicated in the Rx Non Traditional Fund.

Some strategies include a tactical risk management overlay that is either proprietary to FolioMetrix, LLC or to a subadvisor or strategist for an underlying strategy.

Risk of Loss

The FolioMetrix constructed portfolios – Model Portfolios – have been developed based on historical performance of an asset allocation neutral portfolio (consisting of no-load and exchange traded Funds). Since these are Model Portfolios (hypothetical), there can be no assurance that a client would have achieved similar rates of return over the time frame. In addition, since the time period in question is a historical one, there can be no assurance that future results achieved by clients will in any way resemble those represented by the Model Portfolios.

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual Funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, warrant, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

Market risk. Market risk refers to the possibility that the value of securities held by the Funds may decline due to daily fluctuations in the securities markets. Stock prices change daily as a result of many factors, including developments affecting the condition of both individual companies and the market in general. The price of a stock may even be affected by factors unrelated to the value or condition of its issuer, such as changes in interest rates, national and international economic and/or political conditions and general equity market conditions. In a declining stock market, prices for all companies (including those in the Funds' portfolios) may decline regardless of their long-term prospects. The Funds' performance per share will change daily in response to such factors.

Risks related to “Fund of Funds” structure. Some of the Funds are “fund of funds.” The term “fund of funds” is typically used to describe investment companies, such as the Funds, whose primary investment strategies involve investing in other investment companies, such as mutual Funds and ETFs. Investments in other investment companies subject the Funds to additional operating and management fees and expenses. For example, investors in the Funds will indirectly bear fees and expenses charged by the mutual Funds and ETFs in which the Funds invest, in addition to the Fund’s direct fees and expenses. Furthermore, the use of a fund of funds structure could affect the timing, amount, and character of distributions and therefore may increase the amount of taxes payable by you. Under the Investment Company Act of 1940, the Funds may not acquire shares of another investment company if, immediately after acquisition, the Funds and their affiliated persons will hold more than 3% of the investment company’s outstanding shares unless the Funds or the investment company have received an order for exemptive relief from the 3% limitation from the SEC and the Funds and the investment company take appropriate steps to comply with the conditions in such order. Consequently, the 3% limitation may prevent the Funds from allocating their investments in the manner the Advisor considers optimal.

Control of Portfolio Funds Risk. Although the Funds and the Advisor will evaluate regularly each portfolio Fund to determine whether its investment program is consistent with the Funds’ investment objectives, the Advisor will not have any control over the investments made by a portfolio funds. The investment advisor to each portfolio fund may change aspects of its investment strategies at any time. The Advisor will not have the ability to control or otherwise influence the composition of the investment portfolio of a portfolio fund.

Derivative Risk. Some portfolio funds may use derivative instruments which derive their value from the value of an underlying asset, currency, or index. The value of derivatives may rise or fall more capital than other investments and it is possible to lose more than the initial amount invested.

Leverage Risk. Some portfolio funds may borrow money for leveraging and will incur interest expenses. The NAV per share of a portfolio fund will increase more when its portfolio securities increase in value and to decrease more when its portfolio assets decrease in value than would otherwise be the case if it did not borrow Funds.

Short Sales Risk. The portfolio funds may engage in short sales, which could cause a portfolio fund’s investment performance to suffer if it is required to close out a short position earlier than it had intended. This could cause a Fund’s performance to suffer to the extent that it invests in such a portfolio fund.

Sector Risk. Sector risk is the possibility that securities within the same group of industries will decline in price due to sector-specific market or economic developments. If a portfolio fund invests more heavily in a particular sector, the value of its shares may be especially sensitive to factors and economic risks that specifically affect that sector. As a result, a portfolio fund’s share price may fluctuate more widely than the value of shares of a mutual fund that invests in a broader range of industries. Additionally, some sectors could be subject to greater government regulation than other sectors. Therefore, changes in regulatory policies for those sectors may have a material effect on the value of securities issued by companies in those sectors.

Portfolio Turnover Risk. The Advisor will sell portfolio securities when it is in the interests of a Fund and its shareholders to do so without regard to the length of time they have been held. As portfolio turnover may involve paying brokerage commissions and other transaction costs, there could be additional expenses for the Funds. High rates of portfolio turnover may also result in the realization of short-term

capital gains and losses. Any distributions resulting from such gains will be considered ordinary income for federal income tax purposes.

Management Style Risk. Different types of securities tend to shift into and out of favor with investors depending on market and economic conditions. The returns from the types of portfolio funds purchased by the Funds (large-cap, mid-cap, growth, value, etc.) may at times be better or worse than the returns from other types of Funds. Each type of investment tends to go through cycles of performing better or worse than the stock market in general. The performance of the Funds may thus be better or worse than the performance of stock Funds that focus on other types of investments, or that have a broader investment style.

Investment Advisor Risk. The Advisor's ability to choose suitable investments has a significant impact on the ability of a Fund to achieve its investment objectives. The Advisor was formed in 2009 and is registered as an investment adviser with the SEC.

However, the Advisor does not have previous experience managing an investment company registered under the Investment Company Act of 1940. Accordingly, investors in the Funds bear the risk that the Advisor's inexperience managing registered investment company may limit its effectiveness. The experience of the portfolio managers is discussed in "Management of the Fund – Investment Advisor."

Interest Rate and Credit Risk. Interest rates may rise resulting in a decrease in the value of the fixed income securities held by the portfolio funds or may fall resulting in an increase in the value of such securities. Fixed income securities with longer maturities generally involve greater risk than those with shorter maturities. Issuers of fixed income securities might be unable to make principal and interest payments when due.

High-Yield Risk. Portfolio funds may invest in fixed income securities that are rated below investment grade, such as "junk bonds". Securities in this rating category are speculative. Changes in economic conditions or other circumstances may have a greater effect on the ability of issuers of these securities to make principal and interest payments than they do on issuers of higher grade securities. The additional risks of these types of investments include an increased possibility of default, illiquidity of the security and changes in value based on public perception of the issuer. Additionally, these instruments are generally unsecured and may be subordinated to other creditor's claims.

Inflation Risk. Fixed income securities are subject to inflation risk. Because inflation reduces the purchasing power of income produced by existing fixed income securities, the prices at which fixed income securities trade will be reduced to compensate for the fact that the income they produce is worth less. This potential decrease in market value of fixed income securities would result in a loss in the value of the Funds' portfolios.

Risks of Investing in Corporate Debt Securities. Portfolio Funds may invest in corporate debt securities. Corporate debt securities are fixed income securities issued by businesses. Notes, bonds, debentures, and commercial paper are the most prevalent types of corporate debt securities. The credit risks of corporate debt securities vary widely among issuers. In addition, the credit risk of an issuer's debt security may vary based on its priority for repayment. For example, higher ranking (senior) debt securities have a higher priority than lower ranking (subordinated) securities. This means that the issuer might not make payments on subordinated securities while continuing to make payments on senior securities. In addition, in the event of bankruptcy, holders of senior securities may receive amounts otherwise payable to the holders of subordinated securities. Some subordinated securities, such as trust preferred and

capital securities notes, also permit the issuer to defer payments under certain circumstances. For example, insurance companies issue securities known as surplus notes that permit the insurance company to defer any payment that would reduce its capital below regulatory requirements.

Risks of Investing in Convertible Securities. Convertible securities are fixed income securities that a portfolio fund has the option to exchange for equity securities at a specified conversion price. The option allows the portfolio fund to realize additional returns if the market price of the equity securities exceeds the conversion price. For example, the portfolio fund may hold fixed income securities that are convertible into shares of common stock at a conversion price of \$10 per share. If the market value of the shares of common stock reached \$12, the portfolio fund could realize an additional \$2 per share by converting its fixed income securities. Convertible securities have lower yields than comparable fixed income securities. In addition, at the time a convertible security is issued the conversion price exceeds the market value of the underlying equity securities. Thus, convertible securities may provide lower returns than non-convertible fixed income securities or equity securities depending upon changes in the price of the underlying equity securities.

Risks of Investing in TIPS. The Funds are subject to certain risks to the extent that the Portfolio funds invest in Treasury Inflation-Protected Securities ("TIPS"). TIPS are special types of treasury bonds that were created in order to offer bond investors protection from inflation. The values of TIPS are automatically adjusted to the inflation rate as measured by the Consumer Price Index ("CPI"). With inflation (a rise in the CPI), the principal increases; with a deflation (a drop in the CPI), the principal decreases. When TIPS mature, you are paid the adjusted principal or original principal, whichever is greater. TIPS decline in value when real interest rates rise. However, in certain interest rate environments, such as when real interest rates are rising faster than nominal interest rates, TIPS may experience greater losses than other fixed income securities with similar duration.

Futures Risk. Use of futures contracts by the Funds or a portfolio fund may cause the value of the Funds' shares to be more volatile. Futures contracts expose the Funds to leverage and tracking risks because a small investment in futures contracts may produce large losses and futures contracts may not accurately track the underlying securities.

Swaps Risk. The Fund and portfolio funds may enter into equity, interest rate, index, credit default, and currency rate swap agreements, or "swaps." Swaps are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than a year. In a standard swap transaction, two parties agree to exchange the returns earned on specific assets, such as the return on, or increase in value of, a particular dollar amount invested at a particular interest rate, in a particular foreign currency, or in a "basket" of securities representing a particular index. Swaps can involve greater risks than direct investment in securities, because swaps may be leveraged, are subject to the risk of that the counterparty may default on the obligation, and may be difficult to value. Swaps may also be considered illiquid. It may not be possible for the Fund to liquidate a swap position at an advantageous time or price, which may result in significant losses.

Risks from Purchasing Options. If a call or put option purchased by the Funds or a portfolio fund is not sold when it has remaining value and if the market price of the underlying security, in the case of a call, remains less than or equal to the exercise price, or, in the case of a put, remains equal to or greater than the exercise price, the entire investment in the option will be lost. There is no assurance that a liquid market will exist when the Funds or a portfolio funds seeks to close out an option position. Where a position in a purchased option is used as a hedge against price movements in a related position, the price of the option may move more or less than the price of the related position.

Risks from Writing Options. The Funds, as well as the portfolio funds in which they invest, may sell, or “write,” option contracts. Writing option contracts can result in losses that exceed the initial investment and may lead to additional turnover and higher tax liability. The risk involved in writing a call option is that there could be an increase in the market value of the security. If this occurred, the option could be exercised and the underlying security would then be sold by the Funds or portfolio funds at a lower price than its current market value. Similarly, while writing call options can reduce the risk of owning stocks, such a strategy limits the opportunity of the Funds or portfolio funds to profit from an increase in the market value of stocks in exchange for up-front cash at the time of selling the call option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security. If this occurred, the option could be exercised and the underlying security would then be sold to the Funds or portfolio funds at a higher price than its current market value. There is no assurance that a liquid market will exist when the Funds or portfolio funds seeks to close out an option position. Where a position in a written option is used as a hedge against price movements in a related position, the price of the option may move more or less than the price of the related position.

Large-Cap Securities Risk. Stocks of large companies as a group can fall out of favor with the market, causing the Funds to underperform investments that have a greater focus on mid-cap or small-cap stocks. Larger, more established companies may be slow to respond to challenges and may grow more slowly than smaller companies.

Small-Cap and Mid-Cap Securities Risk. The portfolio funds may invest in securities of small-cap and mid-cap companies, which involve greater volatility than investing in larger and more established companies. Small-cap and mid-cap companies can be subject to more abrupt or erratic share price changes than larger, more established companies. Securities of these types of companies have limited market liquidity, and their prices may be more volatile. You should expect that the value of a Fund's shares will be more volatile than a Fund that invests exclusively in large-capitalization companies.

Foreign Investment Risk. The Fund's investments in foreign securities involve risks different from those associated with domestic securities. There may be less government supervision of foreign markets in which the Fund invests, resulting in non-uniform accounting practices and less publicly available information about issuers of foreign currency denominated securities. The value of the Fund's foreign investments may be affected by changes in exchange control regulations, application of foreign tax laws, changes in economic or monetary policies, or changed circumstances in dealings between nations. Investments in foreign issues could be affected by other factors not present in the United States, including expropriation, armed conflict, confiscatory taxation, and potential difficulties in enforcing contractual obligations. Foreign brokerage commissions, custody fees, and other costs of investing in foreign securities will result in the Fund incurring higher transaction costs.

Emerging Markets Risk. The Fund may invest in emerging markets, which are markets of countries in the initial stages of industrialization and generally have low per capital income. In addition to the risks of foreign securities in general, countries in emerging markets are generally more volatile and can have relatively unstable governments, social and legal systems that do not protect shareholders, economies based on only a few 91 industries, and securities markets that trade a small number of issues which could reduce liquidity.

Common Stocks. The Fund's investments in shares of common stock, both directly and indirectly through the Fund's investment in shares of other investment companies, may fluctuate in value response to many factors, including the activities of the individual issuers whose securities the Fund owns, general market and economic conditions, interest rates, and specific industry changes. Such price fluctuations

subject the Fund to potential losses. Common stock generally is subordinate to preferred stock and debt securities with respect to the payment of dividends and upon the liquidation or bankruptcy of the issuing company.

Other Equity Securities Risk. In addition to shares of common stock, the equity securities held by the portfolio funds may include preferred stocks, convertible preferred stocks, convertible bonds, and warrants. Like shares of common stock, the value of these equity securities may fluctuate in response to many factors, including the activities of the issuer, general market and economic conditions, interest rates, and specific industry changes. Also, regardless of any one company's particular prospects, a declining stock market may produce a decline in prices for all equity securities, which could also result in losses for the Funds.

Fixed Income Risk. While the Funds will not invest directly in fixed income securities, the Funds will be subject to the risks associated with such investments since the portfolio funds may invest in fixed income securities. The prices of these securities respond to economic developments, particularly interest rate changes, as well as to perceptions about the creditworthiness of individual issuers. Fixed income securities tend to decrease in value if interest rates rise and vice versa, and the volatility of lower-rated securities is even greater than that of higher-rated securities. Also, longer-term securities are more volatile, so the average maturity or duration of these securities affects risk. Credit risk is the possibility that an issuer will fail to make timely payments of interest or principal or go bankrupt. The lower the rating of a debt security, the greater its risks.

Commodities Risk. The portfolio funds held by the Funds may have exposure to the commodities markets, subjecting the Funds to risks not associated with investments in traditional securities. The value of commodities related investments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, including drought, floods, weather, livestock disease, embargoes, and tariffs. The prices of industrial metals, precious metals, agriculture, and livestock commodities may fluctuate widely due to changes in value, supply and demand, and governmental regulatory policies.

Mortgage- and Asset-Backed Securities Risk. The portfolio funds may invest in mortgage- and asset-backed securities. Mortgage-related securities represent ownership in pools of mortgage loans. Asset-backed securities are structured like mortgage-backed securities, but the underlying assets may include such items as installment loan contracts, property leases, and credit card agreements. As with other interest-bearing securities, the prices of such securities are affected by changes in interest rates. Prices are also affected by changes in the rate of prepayment of principal, which affects the average maturity of the securities and makes it difficult to accurately predict returns. The trading market for mortgage- and asset-backed securities, while ordinarily liquid, may become restricted in times of financial stress.

Municipal Securities Risk. The yields of municipal securities may move differently and adversely compared to the yields of the overall debt securities markets. There could be changes in applicable tax laws or tax treatments that reduce or eliminate the current federal income tax exemption on municipal securities or otherwise adversely affect the current federal or state tax status of municipal securities.

Quantitative Model Risk. Portfolio funds or other investments selected using quantitative methods may perform differently from the market as a whole for many reasons, including the factors used in building the quantitative analytical framework, the weights placed on each factor, and changing sources of market returns, among others. There can be no assurance that these methodologies will enable the Funds to achieve its objective.

Real Estate Risk. The portfolio funds held by the Funds may invest in securities of issuers engaged in or related to the real estate industry. Real estate related investments are subject to risks related to possible declines in the value of real estate; general and local economic conditions; possible lack of availability of mortgage Funds; overbuilding; extended vacancies of properties; increases in competition, property taxes, and operating expenses; changes in zoning laws; costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental problems; casualty or condemnation losses; uninsured damages from floods, earthquakes, or other natural disasters; limitations on and variations in rents; and changes in interest rates.

Corporate Debt Securities Risk. The Fund and portfolio funds may invest in corporate debt securities. Corporate debt securities are fixed income securities issued by businesses. Notes, bonds, debentures, and commercial paper are the most prevalent types of corporate debt securities. The credit risks of corporate debt securities vary widely among issuers. In addition, the credit risk of an issuer's debt security may vary based on its priority for repayment. Higher ranking (senior) debt securities have a higher priority than lower ranking (subordinated) securities. This means that the issuer might not make payments on subordinated securities while continuing to make payments on senior securities. In addition, in the event of bankruptcy, holders of senior securities may receive amounts otherwise payable to the holders of subordinated securities. Some subordinated securities, like trust preferred and capital securities notes, also permit the issuer to defer payments under certain circumstances. Insurance companies issue 106 securities known as surplus notes that permit the insurance company to defer any payment that would reduce its capital below regulatory requirements.

Item 9 – Disciplinary Information

FolioMetrix and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's or prospective client's evaluation of our business or the integrity of our management or personnel.

Item 10 – Other Financial Industry Activities and Affiliations

FolioMetrix serves as investment adviser to mutual Funds registered under the Investment Company Act of 1940 (each, a "Mutual Fund"). Related persons of FolioMetrix may have a substantial interest in a Mutual Fund. Conflicts of interest may arise as to the allocation of investment opportunities among Mutual Funds and our other clients. FolioMetrix has policies and procedures in place to ensure that all of our clients are treated fairly over time and that no client account receives preferential treatment in the allocation of investment opportunities. See *Item 11 - Code of Ethics, Participation in Client Transactions and Personal Trading* below for additional information.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Summary

FolioMetrix has adopted a Code of Ethics for all employees of the firm describing our high standards of business conduct, fiduciary duty to our clients, and rules surrounding personal securities trading and reporting by our employees.

The Code of Ethics also includes guidelines related to gifts and to the reporting of personal securities holdings and trading activity. All FolioMetrix employees must accept in writing the terms of the Code of Ethics upon employment, annually, or as amended.

A copy of the FolioMetrix Code of Ethics may be requested by contacting the firm's Chief Compliance Officer, Mrs. Emily Silva, at 610-687-5340.

Affiliate and Employee Personal Securities Transactions Disclosure

FolioMetrix or its associated persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of FolioMetrix that all persons associated in any manner with the firm must place the interests of our clients ahead of their own when implementing personal investments. FolioMetrix and its associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by FolioMetrix are widely held and publicly traded.

Item 12 – Brokerage Practices

FolioMetrix's business is primarily to provide research, analysis and make recommendations to investment advisers to create Model Portfolios for unaffiliated investment advisers, to provide asset management services to investment companies. In placing transactions for clients, we are responsible to ensure that the transaction receives the best execution possible.

It is FolioMetrix's policy to obtain "best execution" for its clients. Our policies and procedures regarding brokerage allocation and execution are reasonably designed to achieve best execution under the circumstances. Brokers are generally selected on the basis of criteria including, without limitation, financial responsibility, efficiency of execution, competitive rates, price, capital commitment to a particular issue and research capability and availability.

Research and Other Soft Dollar Benefits

FolioMetrix does not maintain any "soft dollar" arrangements. Nevertheless, we may receive, without cost and unrelated to the execution of securities transactions, a broad range of research services from brokers, including information on the economy, industries, securities and individual companies, statistical information, market data, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and other information that may affect the economy and/or security prices. Subject to our best execution policy described above, we may from time-to-time allocate securities transactions to these brokerage firms. The research, information and services furnished by these brokers are useful in varying degrees and may be used in servicing all of our client accounts. Some of these services may be used by FolioMetrix in connection with accounts that paid no commissions to the broker providing such services. No formula has been established for the allocation of business to such brokers. We may also pay brokers and their affiliates for certain specialized data and services, such as benchmark information, that are also unrelated to the execution of securities transactions.

Brokerage for Client Referrals

FolioMetrix does not consider client referrals from broker-dealers when making brokerage allocation decisions.

Handling of Trade Errors

We have implemented procedures designed to prevent trade errors; however, trade errors cannot always be avoided. Consistent with its fiduciary duty, it is the policy of FolioMetrix to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client

will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by FolioMetrix if the error was caused by FolioMetrix. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. FolioMetrix may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons).

FolioMetrix will never benefit or profit from trade errors.

Block Trading Policy

Transactions implemented by FolioMetrix for Investment Company client accounts are generally affected independently. Since each Investment Company has a unique investment objective the opportunity to aggregate orders are very limited. FolioMetrix client accounts other than Investment Company accounts, FolioMetrix also typically will place transactions independently for each client. However, in the event that FolioMetrix determines that it is appropriate to aggregate orders, the allocation of securities among accounts will be done on a fair and equitable basis. Typically, the process of aggregating orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among portfolios on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

FolioMetrix uses the average price allocation method for transaction allocation. Under this procedure, transactions will be averaged as to price and will be allocated among the firm's portfolios in proportion to the purchase and sale orders placed for each client account on any given day. When FolioMetrix, determines to aggregate orders for the purchase or sale of securities, including securities in which FolioMetrix, may invest, the firm will do so in accordance with the parameters set forth in the SEC No-Action Letter, SMC Capital, Inc. It should be noted, FolioMetrix does not receive any additional compensation or remuneration as a result of aggregation.

Item 13 – Review of Accounts

Account Reviews and Reviewers

For the investment management services provided to investment companies, securities held by each investment company are monitored on a regular basis in a manner consistent with the prospectus and statement of additional information of each Investment Company and applicable law.

Statements and Reports

The investment company(ies) to which FolioMetrix provides investment advisory services will provide quarterly statements to shareholders. FolioMetrix will provide no direct reporting.

Item 14 – Client Referrals and Other Compensation

FolioMetrix, currently has not entered into any Solicitor's agreements with unaffiliated independent Registered Investment Advisers who then would offer FolioMetrix's advisory services to clients through its representatives for compensation

Item 15 – Custody

FolioMetrix will not maintain physical custody of client assets. Assets will be maintained by a qualified custodian.

FolioMetrix is deemed to have custody of client funds and securities whenever FolioMetrix is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody FolioMetrix maintains. When fees are deducted from an account, FolioMetrix is responsible for calculating the fee and delivering instructions to the custodian.

Item 16 – Investment Discretion

Through its asset management services and upon receiving written authorization as a part of a management agreement with the Fund's Board, FolioMetrix will maintain trading authorization over Investment Company assets. Upon receiving written authorization in accordance with the Management Agreement, FolioMetrix will implement trades on a **discretionary** basis. The prospectus and statement of additional information for each investment company client of FolioMetrix may set forth any limit on investment authority, discretion, and brokerage selection related to investment authority and discretion.

Item 17 – Voting Client Securities

For investment management services to an investment company, (i.e., as the investment adviser to the RiskX Funds), FolioMetrix is responsible for voting proxies for the investments held by the investment company (i.e., the investments held by the RiskX Funds).

In general, FolioMetrix will vote in favor of routine corporate housekeeping proposals, including election of directors, selection of auditors, and increases in or reclassification of common stock. FolioMetrix will generally vote against proposals that make it more difficult to replace members of the issuer's board of directors. Generally, FolioMetrix will abstain from voting a proxy if it determines that the value of an issuer's economic interest in the proxy issue or the value of the portfolio holding is insignificant. The firm will not vote proxies received for securities which are no longer held by a client. For other proposals, FolioMetrix shall determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others (i) whether the proposal was recommended by management and the firm's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

FolioMetrix will consider whether the firm is subject to any material conflict of interest in connection with each proxy vote.

A copy of FolioMetrix's proxy voting policies and procedures, as well as information about how FolioMetrix voted with respect to a client's securities, is available upon request by contacting FolioMetrix's Chief Compliance Officer, Mrs. Emily Silva, at 610-687-5340.

FolioMetrix, on a case by case basis, will determine whether a Fund will participate in a recovery achieved through a class action.

Item 18 – Financial Information

FolioMetrix does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, FolioMetrix has not been the subject of a bankruptcy petition at any time.