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Updated as of 03/21/2019

This Brochure provides information about the qualifications and business practices of Measured Risk Portfolios, Inc. ("MRP" or the "Firm"). If you have any questions about the content of this Brochure, please contact us at (858) 935-1125 or at [info@mrpfolios.com](mailto:info@mrpfolios.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

The Firm is registered as an investment adviser with the SEC; however, such registration does not imply a certain level of skill or training, and no inference to the contrary should be made. Additional information about MRP is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **Item 1: Cover Page**

Please refer to previous page.

## **Item 2: Material Changes**

This Brochure, dated March 21, 2019, is being revised to reflect the following material changes:

- Item 4 – Advisory Services – updated to (i) provide additional disclosures related to the firm’s Broker Dealer Advisory Service (BDAS)– specifically the relationship with Mutual Securities, Inc., an unaffiliated broker-dealer, and (ii) reflect the current assets under management and assets under advisement of the firm as of 12/31/2018.
- Item 5 – Fees – updated to provide additional disclosures related to the firm’s BDAS.

The previous version of this Brochure is dated March 30, 2018. The Firm encourages each client to read the current version of this Brochure carefully and to call us with any questions.

Pursuant to SEC Rules, the Firm will ensure that clients receive a summary of any materials changes to this Brochure within 120 days of the close of the Firm’s fiscal year, along with a copy of this Brochure or an offer to provide the Brochure. Additionally, as the Firm experiences material changes in the future, we will send you a summary of our “Material Changes” under separate cover.

Currently, MRP’s Brochure may be requested by contacting Jenna Powell, Client Service Manager at (858) 935-1125, ext. 111 or [info@mrpfolios.com](mailto:info@mrpfolios.com). Information about MRP is also available via the SEC’s web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site provides information about any persons affiliated with MRP who are registered, or are required to be registered, as investment adviser representatives of the Firm.



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## **Item 4: Advisory Business**

### **A. Description of Firm**

Measured Risk Portfolios, Inc. (“MRP” or the “Firm”) is a privately held corporation formed in 2001 with its principal place of business in San Diego, CA and is registered with the Securities and Exchange Commission (“SEC”) as an investment adviser. Prior to December 2015, the Firm operated under the name of Kingsroad Financial Insurance Services Inc., dba Measured Risk Portfolios. The Firm has been in business as an investment adviser since 2007. The principals of the Firm, Larry Kriesmer and Bernard Surovsky, have more than 40 years of combined investment and insurance risk management experience. Registration of an Investment Adviser does not imply a certain level of skill or training.

### **B. Types of Advisory Services Offered**

MRP provides investment management, financial planning and consulting services to its clients through its relationship with Investment Adviser Representatives (“IARs”). These services may include asset allocation within a portfolio, day-to-day investment decisions, referrals to third party sub-advisor programs, and financial planning and consulting services. Advisory clients include individuals, high net worth clients, pension and profit-sharing plans, charitable organizations, and corporations. The Firm also provides sub-advisory services to other investment advisers and manages an affiliated registered investment company, the Measured Risk Strategy Fund. Unless otherwise specified, MRP typically has complete discretion over the selection and amount of securities and derivatives to be bought or sold without obtaining specific client, shareholder or primary investment adviser consent.

#### **1. Investment Management Services**

MRP provides ongoing discretionary management services based on the goals, objectives, time horizons and risk tolerances of each client. The Firm utilizes both in-person meetings and/or telephonic interviews with the clients to gather information regarding each client’s overall investment objectives, goals and risk tolerance to help determine the appropriate investment strategy for that client. It is of beneficial interest to the advisory client to provide accurate and candid information and promptly inform the IAR of any material changes in their circumstances so IAR can evaluate if adjustments to the advisory accounts are necessary. The Firm does not and will not assume any responsibility for the accuracy of the information provided by the client. Advisory clients may impose restrictions on investing in certain securities or types of securities in most advisory programs.

Client account assets are then invested and managed based on a model portfolio of securities that pertains to the investment strategy selected by the client. Such model portfolios are not typically customized to the client, and several clients may be invested in the same or similar model portfolios at any given time. MRP will not maintain custody of client assets, which will typically be held by a qualified and independent custodian. Please refer to Item 15 for further information on custody.

The Firm’s primary investment strategy is risk mitigation through the use of derivatives. A derivative, primarily an option, is a contract to buy or sell a specific financial product officially known as the option's underlying instrument or underlying interest. For equity options, the underlying instrument is a stock, exchange-traded fund (“ETF”), or similar product. The contract itself is very precise. It establishes a specific price, called the strike price, at which the contract may be exercised, or acted on.



And it has an expiration date. When an option expires, it no longer has value and no longer exists. Options come in two varieties, calls and puts, and you can buy or sell either type. The Firm decides whether to buy or sell and whether to choose a call or a put - based on investment strategy. Additional information on options can be found on the web at [www.optionseducation.org](http://www.optionseducation.org). Tax accounting for options may be complex and may require the assistance of a qualified tax adviser. The various strategies employed by MRP are detailed later in this brochure under the heading “Item 8: Methods of Analysis, Investment Strategies and Risk of Loss” and are collectively referred to as Measured Risk Portfolios.

## **2. Advisory Services to Registered Investment Vehicles**

For the Measured Risk Strategy Fund (the “Fund”), the Firm serves as the investment adviser and manages the Fund’s portfolio assets based on the specific investment objectives and restrictions as outlined in the Fund’s prospectus and statement of additional information, rather than on the individual needs and objectives of the Fund’s shareholders. Prior to investing, shareholders should consider whether the investment strategy of the Measured Risk Strategy Fund meets their investment objectives and risk tolerance. Please refer to the Fund’s offering documents for a complete description of the investment objective and risks pertaining to the Fund.

## **3. Sub-Advisory Services**

From time to time MRP will enter into sub-advisory agreements with other non-affiliated third party registered investment advisers (“TPAs”) who wish to engage the Firm to manage the holdings in their client’s portfolios. Both MRP and the TPA may be granted dual trading authority. MRP will have discretionary authority over a portion of the assets to buy and sell securities based on the client’s individual needs. Typically, the TPA will monitor the account activity conducted on behalf of the account by the Firm. All agreed upon terms shall be provided in the Sub-Advisory Agreement between MRP and the TPA.

## **4. Broker Dealer Advisory Service**

As part of its Broker Dealer Advisory Service (BDAS), MRP will contract directly with and receive payments from independent, non-affiliated broker-dealers (collectively “BD’s”) to provide investment advisory consulting services to the clients of those BD’s. At times,<sup>1</sup> MRP will also contract directly with the clients of such BDs. Services offered to BD clients normally include a general review of client investments holdings – typically resulting in an MRP investment adviser offering investment advice. Such contractual engagements typically do not include MRP assuming trading authority over accounts or the ongoing monitoring of securities positions.

Often, BD clients will also engage MRP to provide Investment Management Services on assets not held through the respective BD. In such instances, these clients will be required to sign MRP’s standard Investment Management Agreement that describes the duties and fees applicable to such services. Clients should understand that this represents a conflict of interest in that MRP has an economic incentive to recommend its Investment Management Services when providing BDAS to

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<sup>1</sup> For instance, MRP has entered into a relationship with Mutual Securities, Inc. (“Mutual Securities”), an unaffiliated firm, to serve as a broker-dealer and platform provider for commissionable securities held by clients. In this relationship, MRP will contract directly with both Mutual Securities as well as clients of Mutual Securities when performing Consulting Services on their behalf. Please see Items 5 and 10 below for additional information.



clients of BDs. Additionally, MRP has an incentive to recommend that its clients receiving Investment Management Services, who may also require the use of a BD for their overall financial profile, utilize those specific BDs with whom MRP has a contractual relationship to perform BDAS. Clients are under no obligation to act upon any recommendations of the Firm, or to execute any transactions through any particular BD recommended by the Firm.

#### **5. Financial Planning and Consulting Services**

MRP provides personal financial plans consistent with a client's financial status investment objectives, risk tolerance and tax status. The financial plan may include information regarding retirement planning, education planning, planning for major purchases, estate planning issues and life, long-term and health care and disability insurance needs.

There is a potential conflict of interest because there is an incentive for the MRP adviser offering the financial planning services to recommend products or services for which MRP or the associated person to receive compensation. However, financial planning clients are under no obligation to act upon any recommendations of the Firm, or to execute any transactions through the Firm or an associated person if they decide to follow the recommendations.

#### **6. Pension Consulting Services**

MRP offers pension-consulting services to qualified and non-qualified retirement and deferred compensation plans. In general, these services may include the review and/or development of an Investment Policy Statement ("IPS"); analysis, review and recommendation of investment selections; asset allocation advice; communication and education services where MRP assists the plan sponsor in providing meaningful information regarding the retirement plan to its participants; investment performance monitoring and/or ongoing consulting. The plan fiduciary always has the right to seek independent advice about the appropriateness of any recommended services for the plan.

### **C. Information Related to the Firm's Services**

#### **1. Information Received by Individual Clients**

The Firm will not assume any responsibility for the accuracy of the information provided by the client. The Firm is not obligated to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Under all circumstances, clients are responsible for promptly notifying the Firm in writing of any material changes to the client's financial situation, investment objectives, time horizon, or risk tolerance. In the event that a client notifies the Firm of changes in the client's financial circumstances, the Firm will review such changes and recommend any necessary revisions to the client's portfolio.

#### **2. Advisory Services, Agreements and Disclosures**

Prior to engaging the Firm to provide investment advisory services, the client will be required to enter into one or more written agreements with the Firm setting forth the terms and conditions under which the Firm shall render its services (collectively the "Agreement"). In accordance with applicable laws and regulations, the Firm will provide a Brochure and one or more brochure supplements to each client or prospective client prior to or contemporaneously with the execution of an Agreement. The Agreement between the Firm and the client will continue in effect until terminated by either party



pursuant to the terms of the Agreement. Neither the Firm nor the client may assign the Agreement without the consent of the other party. An advisory client will have a period of five (5) business days from the date of signing the Agreement to unconditionally rescind the Agreement and receive a full refund of all fees due the Firm. Account values may change during such time and MRP does not guarantee the value of the client's account. Ticket charges or transaction fees will not be refunded.

### **3. Restrictions/Guidelines Imposed by Clients**

Clients may impose reasonable guidelines and/or restrictions on investing in certain securities or types of securities. All such guidelines and restrictions must be communicated to MRP in writing. There may be times when certain restrictions are placed by a client, which prevents the Firm from accepting or continuing to manage the account. The Firm reserves the right to not accept and/or terminate management of a client's account if it feels that the client's imposed restrictions would limit or prevent the Firm from meeting and/or maintaining its investment strategies.

### **D. Participation in Wrap Programs**

The Firm does not participate in any wrap programs at this time.

### **E. Assets under Management**

As of December 31, 2018, the following represents the amount of client assets under management by the Firm on a discretionary and non-discretionary basis:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$134,899,764
Non-Discretionary	\$3,089,188
<b>Total:</b>	<b>\$137,988,952</b>

### **1. Assets Under Advisement**

MRP also provides investment and financial advice for assets that are not directly managed by the Firm ("Assets Under Advisement" or "AUA"), such as a client's 401K, pension or other deferred compensation plans. As of December 31, 2018, the following represents the amount of AUA by MRP:

Type of Account	Assets Under Advisement ("AUA")
Individual	\$26,164,952
Pension and other Profit Sharing Plans	\$11,255,470
<b>Total:</b>	<b>\$37,420,422</b>

## **Item 5: Fees and Compensation**

MRP charges fees based on the particular type(s) of advisory service to be provided. The specific fees charged by MRP for such services will be set forth in each client's written Agreement. Although the Firm believes its fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources.



## **A. Advisory Fees**

### **1. Investment Management Fees**

Typically for its investment management services, MRP will receive an annual investment management fee, assessed quarterly, that's based upon the value of a client's asset under management (including cash and cash equivalents). Fees and billing methods will vary depending upon the type of strategy employed and underlying securities held within a particular strategy in accordance with the following:

#### **a. Fees for Core Strategies**

Fees for MRP's Core Strategies (as defined in Section 8) are outlined in the table below and may be negotiated, at the sole discretion of MRP, based on client objectives, trading strategy employed and complexity of management.

	<i>Quarter Balance:</i>	<i>Annual Fee</i>	<i>Maximum Tier Fee</i>	<i>Total Fee</i>	<i>Effective Fee</i>
<i>First</i>	<i>\$250,000</i>	<i>2.00%</i>	<i>\$5,000</i>	<i>\$5,000</i>	<i>2.00%</i>
<i>Next</i>	<i>\$250,000</i>	<i>1.85%</i>	<i>\$4,625</i>	<i>\$9,625</i>	<i>1.93%</i>
<i>Next</i>	<i>\$250,000</i>	<i>1.60%</i>	<i>\$4,000</i>	<i>\$13,625</i>	<i>1.82%</i>
<i>Next</i>	<i>\$250,000</i>	<i>1.35%</i>	<i>\$3,375</i>	<i>\$17,000</i>	<i>1.70%</i>
<i>Next</i>	<i>\$1,000,000</i>	<i>1.20%</i>	<i>\$12,000</i>	<i>\$29,000</i>	<i>1.45%</i>
<i>Next</i>	<i>Unlimited</i>	<i>1.10%</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

These investment management fees are assessed quarterly, in advance, based upon a percentage of the Client's assets under management as of the close of business on the last business day of the preceding calendar quarter. For avoidance of doubt, assets under management includes cash holdings in client accounts. Upon receiving written authorization from the Client, the Firm's investment management fees will be automatically deducted from the Client's account following the end of each applicable period. The Firm's fees may be prorated for each capital contribution or withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions of less than 5% of account value). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee based on the number of days the account was open during the calendar quarter. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

The custodian delivers an account statement to the client at least quarterly, but generally monthly, showing all disbursements, including advisory fees, deducted from the account. These statements are delivered by electronic or paper methods based upon the client's specification. Clients who elect paper statements may be charged more by the custodian for transaction charges. The client is encouraged to review all account statements for accuracy. It is the responsibility of the client and not the custodian to ensure the fees are calculated correctly.





**b. Fees for Mutual Fund Strategy**

Fees for MRP's Mutual Fund Strategy ("MFS"), as defined in Section 8 below, will be assessed on an annual fixed-fee basis of 0.75% of a client's assets under management in MFS.

MRP typically includes mutual funds sponsored and managed by American Funds Service Company ("AFS") within MFS (such securities shall be referred to as "AFS Funds"). In such instances, Adviser's fee attributable to client assets invested in AFS Funds will be calculated by AFS for each quarterly period ending the last business day of February, May, August and November and MRP's fees shall be the product of (i) the average daily net asset value of client assets invested in shares of AFS Funds during the quarter; (ii) the number of days in the quarter; and (iii) the 0.75% fee rate divided by the number of days in the year. MRP's fees shall be paid directly by AFS to Adviser within thirty (30) days following the end of the quarter for which such fees are payable.

For any other securities held within MFS, MRP shall assess an annual fixed-fee of 0.75% in accordance with the valuation and billing practices outlined in Section 5(A)(1)(a) above.

The Firm's fees may be prorated for each capital contribution or withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions of less than 5% of account value). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee based on the number of days the account was open during the calendar quarter. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

**c. Additional Information for MRP's Investment Management Fees**

MRP may amend its standard fee schedules at any time by giving thirty (30) days advanced written notice to clients. Should a client have more than one account managed by the Firm, MRP will typically aggregate the client's accounts for the purpose of computing management fees.

MRP reserves the right to waive or reduce any account minimums, management fee and/or performance fee (as described below) with respect to any client, or with respect to any of the Firm's employees and/or family members. In addition the Firm may negotiate fees with future advisory clients that are different than the fees discussed herein. Some of the factors relevant to charging different fees to those fees stated herein are: account size, the investment strategy and the nature of the relationship between the potential client and the Firm.

In order to accommodate client requests, the Firm will at times utilize margin in client accounts (please refer to Item 8 below for detailed information regarding the risks surrounding margin). When utilizing margin strategies as part of a client's portfolio account, the Firm uses the "net asset value" of the client's margin accounts for determining fees. Thus, fees are only charged on the amount of assets in the underlying client account, not the margin portion of the account. For example, in an account where there shows \$100K in equities, but \$25K is attributable to margin, only \$75K will be included when determining fees.

It should be noted that when suitable, MRP recommends that certain clients invest in the Fund. When this occurs, assets invested in the Fund are not included in calculating client assets under management



for purposes of MRP's fee schedule above. For example, a client with \$1million who has \$250,000 invested in the Fund will be assessed a fee commensurate with \$750,000 in assets under management, not \$1million.

## **2. Performance-Based Fees**

For certain qualified clients, as further defined in Item 6 below, MRP offers a performance-based fee (i.e., a fee calculated based on a share of capital gains upon or capital appreciation of the assets or any portion of the assets of an advisory client). The performance fee is payable only if, and to the extent that, the net capital appreciation of the client's capital account exceeds the high water mark established previously (as adjusted for additions and/or withdrawals of capital). The assessment of performance based fees and any allocations based on performance will be done in accordance with all requirements for such compensation arrangements as specified under Rule 205-3 of the Investment Advisers Act of 1940 (the "Advisers Act") and rules promulgated thereunder, including the requirement that such fees may be charged only to "qualified clients" as that term is defined in Rule 205-3(d). For clients receiving performance-based fees who terminate their Agreement with the Firm during a performance period, the Firm may in its sole discretion prorate fees owed upon termination by valuing the client's account as of the end of the day upon which MRP receives termination notice, and then apply the performance fee, if any, at that point. Please note that performance-based fees are not an option for clients investing in MFS.

## **3. Sub-Advisory Fees**

Sub-advisory agreements are evidenced in writing between the primary referring advisor and the Firm. MRP provides such services for a fee, based upon a percentage of assets under management. While such fees will vary, they are normally less than two percent (2%) per year of the assets under management. Dependent upon the agreement between the parties, either the Firm acting as a sub-advisor, or the primary advisor, may bill client accounts and remit fees to the other party. Whether or not such fees are billed in advance or arrears, as well as whether they are based on the value of the client's account on the last business day of the previous calendar quarter as opposed to an average daily balance of the account over the course of a billing period, will also depend upon the agreement between the parties. Such billing practices will be disclosed to the client prior to the Firm assessing fees. The fee is typically aggregated at the sub-advisory level and as a result, referring advisers may have an incentive to refer business to MRP in order to reduce the fees charged by the Firm.

## **4. Measured Risk Strategy Fund Fees**

The Firm is paid an annual management fee of 1.25% of the daily net assets of the Measured Risk Strategy Fund. The fee is paid monthly in arrears and is based on the assets of the Fund's average daily balance during the month. Specific management fee and related expense information is detailed in the prospectus and statement of additional information for the Measured Risk Strategy Fund, which should be read carefully before investing. No performance fees are charged to this mutual fund.

When suitable, MRP recommends that certain clients invest in the Fund. Should this occur, any portion of a client's account assets invested in the Fund will not be subject to MRP's investment management fees as described above. However, the client will be subject to the fees and charges applicable to all shareholders of the Fund, which includes an advisory fee paid to MRP, as outlined in the Fund's prospectus and statement of additional information.



## **5. Broker Dealer Advisory Service Fees**

For Broker Dealer Advisory Service, the Firm negotiates an annual fee that is typically 0.25% (25bps) of the client's value of their account(s) held with the Broker Dealer. The fixed fee will be determined negotiation with the Broker Dealer as to the aggregate amount of client assets as well as the complexity of the client's affairs. The fees are assessed quarterly, in arrears. The fees are typically billed pursuant to an invoice to be paid by the client's respective Broker Dealer.

As noted in Item 4 above, MRP has entered into a relationship with Mutual Securities to serve as a broker-dealer and platform provider for commissionable securities held by clients. MRP does not receive commissions for the implementation and oversight of commissionable securities held at Mutual Securities. However, MRP does receive an advisory fee from Mutual Securities for the ongoing oversight and general investment advice on behalf of clients with accounts at Mutual Securities. Per the terms of the agreement, Mutual Securities will issue a statement as to the value of the client's accounts to MRP directly. MRP will then apply its fee and send an invoice for payment directly to Mutual Securities who will remit the monies owed to MRP.

**Please Note:** Should a client be receiving Investment Management Services and Broker Dealer Advisory Service, the Firm's Broker Dealer Advisory Service fees will be separate from, and in addition to, any Investment Management Fees received by the Firm. Furthermore, client accounts receiving Broker Dealer Advisory Service held at the respective Broker Dealer will not be included in any aggregation calculations for determining the client's Investment Management Fee as reflected in the table found in Section 5(A)(1)(a) above.

## **6. Financial Planning Fees**

MRP offers financial planning services on a flat or hourly basis for both comprehensive and focused consulting topics. The comprehensive flat fee is generally \$2500 but may be adjusted, or waived in its entirety, based on the client's specific situation. The hourly fee is \$250 for focused consulting topics. Annual updates are offered to comprehensive plans, generally at half of the original fee. For clients who also engage MRP for Investment Management Services, MRP may reduce or waive financial planning fees in the Firm's sole discretion.

## **7. Pension Consulting Fees**

The Firm's pension consulting fees typically range from 0.25% to 1.0% of the assets under management of the plan and are calculated and assessed quarterly, in advance. The pension consulting fees are calculated by the custodian and deducted from the Client's account by the custodian as soon as practicable following the end of each applicable period. If requested by the Client, MRP may, in its sole discretion, invoice Client directly for fees (or will have fees paid by the plan sponsor) as opposed to debiting Client's Account. In such cases, invoices are due and payable upon receipt.

Should a Client begin receiving pension consulting services during a quarter, the Firm's investment management fee will be prorated based on the number of days the account was open during the quarter. In the event the Firm's services are terminated mid-quarter, any paid, unearned fees will be promptly refunded to the Client. The number of days the account was managed during the quarter



until termination is used to determine the percentage of the investment management fee earned (based on the total number of days in the quarter) and the balance is refunded.

Fees are negotiable and arrangements with any particular Client may differ from those described above. Although MRP believes its investment management fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources.

#### **B. Other Fees and Expenses**

MRP's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients will often incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds (ETFs) also charge internal management fees and operating fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to the Firm's fee(s), and the Firm does not receive any portion of these commissions, fees, and costs, with the exception of when clients invest in the Measured Risk Strategy Fund. In this case, the Firm receives fees for the management of the Fund's portfolio assets. However, should any portion of an advisory client's managed account assets be invested in the Measured Risk Strategy Fund, the Firm will not charge its typical investment management fee on such assets.

Clients should review the fees being charged to their account(s) to fully understand the total amount of all fees being assessed. Clients should understand that lower fees for comparable services may be available from other investment advisory firms.

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

The Firm will offer a performance fee arrangement with qualified clients investing in one or more of MRP's Core Strategies. A qualified client is either (1) a client with a minimum of \$1,000,000 invested with the Firm, or (2) a client with a minimum net worth, exclusive of home equity, of \$2,000,000. Such fees are subject to individualized negotiation with each such client. The Firm will structure any performance fee arrangement subject to Section 205(a)(1) of the Adviser Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance fees, the Firm shall include realized and unrealized capital gains and losses. Fees are contingent on "Net Account Growth," so unless the account balance increases from a prior "high-water mark," the performance fees are waived. Fees are calculated monthly in arrears and are due on the first day of the following calendar month. The initial account balance will always be zero with the initial high-water mark established by adding Client's contributions and transfers (as of the day in which such contributions/transfers are received). Thereafter, a new high-water mark is established whenever the account value (adjusted dollar for dollar on contributions and/or prorated for redemptions) on the last business day of the month is higher than the previous high-water mark. The Firm fees and trading costs will reduce the account value, but not the high water mark.



Account Size	Asset Growth	Participation Fee
All Accounts	Net Account Growth	Fee Assessed
All Accounts	Zero or negative Account Growth	Fee Waived

The Firm will ask for the client's written authorization to directly debit performance-based fees from the client's account through the custodian. The Firm will send to the client a Fee Statement showing the amount of the fee, the value of the client's assets on which the fee was based, and the specific manner in which the fee was calculated. The Firm will send an electronic Fee Statement to the custodian indicating only the amount of the fee to be debited by the custodian. It is the client's responsibility to verify the accuracy of the fee calculation and to understand that the custodian will not determine whether the fee is properly calculated. The custodian will send to the client a statement, at least quarterly, but generally monthly, indicating all amounts disbursed from the account including the amount of the advisory fees paid directly to the Firm.

In charging performance fees to client accounts, there exists a conflict as the Firm can potentially receive greater fees from client accounts having a performance-based compensation structure than from those accounts where the Firm only charges a fee unrelated to performance (e.g., an asset-based fee). As a result, the Firm has an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, the account that pays a performance fee. The Firm's side-by-side management of accounts that are charged an asset-based fee and accounts that are charged a performance-based fee is governed by the Firm's internal policies and procedures and Code of Ethics (see Item 11, below), which are designed and implemented to ensure that all clients are treated fairly and equitably, and to prevent the conflicts described above from influencing the allocation of investment opportunities among clients. Performance-based fee structures could also create an incentive for the Firm to over-value certain assets held by clients. The Firm has adopted policies designed to promote fair, accurate and current valuations of securities and portfolios. The Firm utilizes, to the fullest extent possible, the most recent prices reported by the largest securities exchange on which such securities are traded and/or qualified custodians for timely valuation information for advisory client securities and portfolios.

## **Item 7: Types of Clients**

### **A. Description**

MRP provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, foundations, trusts, and U.S. corporations, as well as other investment advisers. The Firm also serves as investment adviser to an affiliated registered investment company, the Measured Risk Strategy Fund.

### **B. Conditions for Managing Accounts**

MRP normally requires a minimum of \$250,000 to establish a new advisory account; however, the minimum may be reduced or waived entirely at the sole discretion of the Firm. In addition, the Firm may continue to service existing accounts that have values that are below the minimum.



There may be times when certain restrictions are placed by a client, which prevents MRP from accepting or continuing to manage the account. MRP reserves the right to not accept and/or terminate management of a client's account if it feels that the client imposed restrictions which would limit or prevent it from meeting and/or maintaining its overall investment strategy.

Prior to engaging the Firm to perform investment management services, the client should carefully consider: 1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, 2) that volatility from investing can occur, and 3) that over time the client's assets may fluctuate and at any time be worth more or less than the amount invested.

If a client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Firm is typically deemed a fiduciary to the plan. In providing investment management services, the sole standard of care imposed upon the Firm is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Firm will provide certain required disclosures to the "responsible plan fiduciary" (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services the Firm provides and the direct and indirect compensation the Firm receives by such clients. Generally, these disclosures are contained in this Form ADV Part 2A, the client agreement and/or in separate ERISA disclosure documents, and are designed to enable the ERISA plan's fiduciary to: (1) determine the reasonableness of all compensation received by the Firm; (2) identify any potential conflicts of interests; and (3) satisfy reporting and disclosure requirements to plan participants.

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

The Firm assists Clients to determine appropriate allocation models or investment strategies depending on their overall objectives and needs. No assumption can be made that any particular strategy will provide better returns than other investment strategies. Before participating in any program or investing in any asset class, Clients should discuss their tolerance for risk with their IARs and carefully consider the risks associated with the investment strategy by reviewing any applicable prospectus, offering memorandum or disclosure brochure prepared by the issuing company for the underlying investments. Equity securities markets experience varying degrees of volatility. Investing in securities involves risk of loss that Clients should be prepared to bear. Short term trading strategies may impact performance when transaction costs are incurred.

### **A. Core Strategies**

The following "Core Strategies" may be employed at any time, on a discretionary basis, exclusively or in combination within Client accounts based on Client objectives:

#### **1. Measured Risk Portfolios Strategy ("MRP Strategy")**

The MRP Strategy attempts to capture the upside movement of the S&P 500 through the purchase of options on the index or equivalent ETF. The use of options allows a relatively small amount of capital to control a larger amount of notional market exposure, similar to the way that a \$100K down payment





on a home can purchase \$500K of property. If the property rises in value, 100% of the gain is retained by the homeowner. And if the property declines, losses as a percentage of the down payment are amplified. Options have an equity component that is the difference between the underlying security value and the strike price of the option. In addition, the option has a time value component that will erode to zero at expiration of the contract. The Firm attempts to balance the cost of the time value erosion against the hedged defense options can provide to arrive at a better risk adjusted return than a direct investment in the market. The MRP Strategy is designed to experience positive returns in a rapidly rising market, while providing limited downside defense in a rapidly declining market. However, the strategy may perform relatively worse in a flat or slowly declining market than other available strategies. In a declining market, losses may be exaggerated until the index drops below the strike price of the option. It is highly probable that in a declining market, 100% of the option allocation will lose 100% of its value. In a rising market, the call options are rolled up to higher strikes to continually limit the amount of downside risk to the portfolio. In a rising market this can cause frequent trading that could generate significant short term trading profits and transaction costs. The majority of the portfolio is allocated to fixed income with a goal of earning a modest rate of return while preserving capital. Investors in the MRP Strategy should be seeking a hedged growth objective with significantly reduced downside risk relative to the broad US equity market.

Within the MPR Strategy there exist three asset allocation strategies: conservative, moderate and aggressive. The difference between the allocations rests on the percentage of client assets allocated to the option component. The conservative model has 25% less option exposure, while the aggressive model has 25% more option exposure with moderate as the baseline allocation. The allocation for a particular client will depend upon the client's overall investment objectives, goals and risk tolerance.

## **2. Consumer Linked Income Portfolio ("CLIP")**

CLIP attempts to generate rising income over time by investing primarily in consumer staples equities that have raised their cash dividend over time. Secondary income may be generated from fixed income investments as well as covered call and cash secured put option writing. The primary objective of the portfolio is to generate rising dividend income that can be distributed without liquidating principal over time. CLIP does not employ any hedging techniques and is concentrated in the consumer staples sector of the market. Investors in CLIP should be primarily concerned with growing income and less concerned with principal protection.

Within CLIP there exist three asset allocation strategies: conservative, moderate and aggressive. Fixed income investments are used to make adjustments between the different strategies with the amount of fixed income investments decreasing as the allocation moves from conservative to aggressive. As a baseline allocation, the moderate strategy allocates about 25% of assets to bonds and/or other fixed income investments. The allocation for a particular client will depend upon the client's overall investment objectives, goals and risk tolerance.

## **3. Managed Volatility Portfolio ("MVP")**

MVP attempts to generate aggressive growth by investing in derivatives on the Chicago Board of Exchange Volatility Index (CBOE: VIX). The VIX is a highly volatile index and generally rises at times of market uncertainty or fear. It has been MRP's observation that over time, the index will return to normal after spiking due to a market event. This return to normalcy, or reversion to the mean, may



allow the MVP strategy to generate returns. Investors should note that such investing is highly risky, and investors can incur significant losses in the interim periods between times of market fluctuations and reversion to the mean. While MRP attempts to mitigate these losses, investors in the MVP strategy should be prepared to weather drawdowns greater than 50% of the portfolio value in exchange for the opportunity to grow during profitable periods.

### **B. Mutual Fund Strategy**

MRP manages a balanced Mutual Fund Strategy (“MFS”) for client accounts that may be too small for the Core Strategies stated above, or as otherwise dictated by the client’s investment goals and objectives. MFS consists of a core group of funds with a longer time horizon, complimented by smaller allocations to style, and seeks targeted exposures and diversification by investing in mutual funds which may include: global equities (growth, value, eclectic, small, mid and large cap); global bonds (government and corporate, ordinary notes and bonds) and U.S. stocks and bonds. The strategy’s funds are chosen using the following criteria: past performance relative to its peer group, investment style and discipline, quality of fund management, and correlation with existing holdings.

### **C. Risks Associated with MRP’s Investment Strategies**

The following describes common characteristics of risk associated with specific types of investments that may be utilized in client accounts.

- **Mutual Funds:** The risk of owning a mutual fund generally reflects the risks of owning the underlying securities the mutual fund holds. Each mutual fund has different risks and rewards. Generally the higher the potential return, the higher the risk of loss. Further, when investing in a mutual fund, clients will bear additional expenses based on their pro rata share of the mutual fund’s operating expenses, including the potential duplication of management fees. Clients will also incur brokerage costs when purchasing mutual funds and may have to pay taxes on capital gains distributions received even if the fund goes on to perform poorly after the investor bought shares. Details of a particular mutual fund are available in the prospectus available from the issuer.
- **Money Market Funds:** Although Money Market Funds have relatively low risks, the NAV may fall below \$1.00 if the fund performs poorly therefore losses are possible. Details are available in the prospectus available from the issuer.
- **Fixed Income Securities:** Fixed income investments tend to be more conservative than stocks however, Clients should be aware that bonds and bond funds do carry some degree of risk including but not limited to interest rate, credit, inflation, pre-payment and reinvestment risks.
- **Stocks:** Stock investing carries substantial risks. The business itself might suffer from poor management. The industry could suffer a setback or become obsolete. Other investors may push the price beyond “reasonable” levels. There can be no assurance that the value of the stock will appreciate over time and could lose 100% of its value.





- **ETFs:** Exchange-Traded Funds (ETFs), like stocks and index funds, can carry a significant amount of market risk. The innate appeal of an ETF is that it represents many assets or companies, like an indexed mutual fund, but unlike a mutual fund that prices Net Asset Value on a daily basis, ETFs can be traded at any time during trading hours, like a stock. In addition, some ETFs can be protected using listed Options, and generate income from writing covered call options. **Special note on “geared” or “levered” ETFs:** Certain products may be employed in all portfolios that involve geared, levered or inverse direction to a related security or benchmark. These securities are typically used over short periods of time but they may be held for longer periods in certain circumstances. Because these securities have daily resets and compound, the effect of volatile markets may pronounce losses, especially over time. Investing in ETFs involves volatility and risk of losses that Clients should be prepared to withstand.
- **ETNs:** Exchange Traded Notes (ETNs) are senior, unsecured debt securities issued by an underwriting bank. Similar to other debt securities, ETNs have a maturity date and are backed only by the credit of the issuer. ETNs are designed to provide investors access to the returns of various market benchmarks. The returns of ETNs are usually linked to the performance of a market benchmark or strategy, less fees. When a Client buys an ETN, the underwriting bank promises to pay the amount reflected in the index, minus fees upon maturity. Thus ETN has an additional risk compared to an ETF, upon any reduction of credit ratings or if the underwriting bank goes bankrupt, the value of the ETN may be eroded or lost entirely.
- **MLPs:** Master Limited Partnerships (MLPs) are a limited partnership with ownership units that may be traded on an exchange. A limited partnership consists of a general partner, who manages the venture, and limited partners, who simply provide capital. A master limited partnership allows limited partners to buy and sell units of the venture as if they were shares in a publicly-traded company. Limited partners often receive cash distributions, which are similar to dividends, on a regular basis. This business form combines the tax advantages of a partnership, which does not pay tax on its profit, with the liquidity of a publicly-traded company. The tax reporting requirements of an MLP may delay your ability to file your tax return early. It is also called a publicly traded partnership.
- **Margin:** When purchasing securities, the securities may be paid for in full, or it is possible to borrow part of the purchase price from the client’s account custodian or clearing firm. If borrowing funds in connection with the client account, the client will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm’s collateral for its loan to the client. If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in the account. The brokerage firm may issue a margin call and/or sell other assets in your account. It is important that each client fully understand the risks involved in trading securities on margin, which are applicable to any margin account that the client may maintain. These risks include the following: (i) the client can lose more funds than deposited in the margin account; (ii) the account custodian or clearing firm can



force the sale of securities or other assets in the account; (iii) the account custodian or clearing firm can sell the client's securities or other assets without contacting the client; (iv) the client is not entitled to choose which securities or other assets in the margin account may be liquidated or sold to meet a margin call; (v) the account custodian or clearing firm may move securities held in a cash account to the margin account and pledge the transferred securities; (vi) the account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and they are not required to provide the client advance written notice; and/or (vii) the client is not entitled to an extension of time on a margin call.

- **Options:** An option is a contract to buy or sell a specific financial product officially known as the option's underlying instrument or underlying interest. For equity options, the underlying instrument is a stock, exchange-traded fund (ETF), or similar product. The contract itself is very precise. It establishes a specific price, called the strike price, at which the contract may be exercised, or acted on. It also has an expiration date. When an option expires, it no longer has value and no longer exists. Options come in two varieties, calls and puts, and you can buy or sell either type. Call contracts will expire worthless if the underlying security closes below the strike price on expiration. Put contracts will expire worthless if the underlying security closes above the strike price on expiration. Selling a covered call may limit the upside if the underlying security closes above the strike price on expiration. Special tax rules may apply, depending on the outcome. Prior to buying or selling an option, a person must read Characteristics and Risks of Standardized Options. Copies of this document may be obtained from us, from any exchange on which options are traded, on the web at <http://www.optionsclearing.com/components/docs/riskstoc.pdf> or by contacting The Options Clearing Corporation, One North Wacker Dr., Suite 500, Chicago, IL 60606 (1-888-678-4667). In no event will the Firm engage in "naked" option writing, which is the most speculative form of trading.

In order to trade options in accounts, a client must utilize margin in their account. Please note that using margin is not suitable for all investors; the use of margin increases leverage in a client's account and therefore increases overall risk.

All of the Firm's portfolios may employ one or more of the following option strategies:

- **Bond plus Call.** The bond plus call strategy attempts to mimic the behavior of a structured note or equity indexed annuity. By pairing a short duration bond (one year, for example) with an at the money LEAP option on an equity underlying (ETF index, for example), the risk of loss is primarily limited to the bond issuers ability to repay principal and interest at maturity over a relatively short period, and the expiration of the LEAP contract for zero value. Changes in interest rates during the bond holding period could cause the value of the bond to fall below what was invested resulting in a loss if sold prior to maturity. Potential return is unlimited due to the LEAP option ability to capture upside movement in the equity underlying over the term of the LEAP. Risk of loss can be increased or decreased depending on the percentage of Client account allocated to LEAP



options. Fixed income mutual funds or bond ETFs may be used in lieu of individual bonds.

- **Protective Collar.** This strategy utilizes the purchase of put option contracts to provide a protective floor in the event that the selected underlying securities fall below a specified strike price during the term of the put. To offset all or a percentage of the cost of this protection, covered call writing is employed on less than 100% of the equity holdings in the portfolio. The protective puts may provide little to no protection if the value of the underlying merely falls to or near the strike price and the covered call may significantly reduce the potential return, especially in rapidly rising markets.
- **Cash Covered Put.** The cash covered put strategy generates income by selling (writing) put options at or near the market value of the underlying stock or ETF position. Downside may be mitigated by simultaneously purchasing a put on the same underlying with a strike below the sold put. This strategy will result in frequent trading and the recognition of taxable short term gains and losses and may be more suitable for qualified, tax deferred accounts.
- **Call and Put Spreads.** Spreads allow an investor to define, within precise levels, the risk and reward of a certain market movement. Writing (selling) a call spread can generate income on an existing position, forgo a specified amount of gain and then resume the gain at a higher price. Writing a put spread can generate income on a position you want to own but offload a portion of the risk if the security falls too far. Buying a call or put spread can reduce the cost of speculation on the direction of a security but will also limit the overall return if successful.

**Although the Firm attempts to mitigate losses, investing in securities involves risk to principal that clients should be prepared to bear.**

The risks associated with investing in the Measured Risk Strategy Fund is outlined in the Fund's prospectus and statement of additional information, which should be read thoroughly prior to investing.

#### **Item 9: Disciplinary Information**

Registered investment advisers such as the Firm are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of the Firm or the integrity of its management. The Firm does not have any such legal or disciplinary events.

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

Certain associated persons of the Firm are also insurance agents/brokers of various insurance companies. In this capacity, associated persons of the Firm will recommend insurance products, and will receive normal commissions if such insurance products are purchased through any firms with which any associated persons is affiliated. Thus, a conflict of interest exists between the interests of associated persons and those of the advisory clients in that the receipt of additional compensation itself creates an inherent conflict of interest, and may affect the judgment of these individuals when making



recommendations. MRP has adopted certain procedures designed to mitigate the effects of these conflicts. As part of our fiduciary duty to clients, the Firm and our representatives endeavor at all times to put the interests of the clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts presented by these practices are disclosed to clients through the Firm's brochures, client agreement and/or verbally prior to or at the time of entering into an Agreement. Clients are under no obligation to act upon any recommendations of the associated persons or effect any transactions through the associated persons if they decide to follow the recommendations.

MRP serves as the investment adviser to the Measured Risk Strategy Fund, an affiliated open-end investment company registered under the Investment Company Act of 1940. There exists conflicts of interest due to this affiliation, which the Firm addresses in a number of ways. Please refer to Items 5, 11, 12, & 15 for detailed information regarding these conflicts and how they are addressed.

MRP has entered into a relationship with Mutual Securities, an unaffiliated broker-dealer firm, to facilitate investment advice for commissionable securities held by clients. In this relationship, MRP will contract directly with both Mutual Securities as well as clients of Mutual Securities when performing Broker Dealer Advisory Services on their behalf. MRP does not have the discretionary authority to implement securities trades for commissionable accounts held at Mutual Securities. Mutual Securities is the broker-dealer of record that implements all such transactions. As mentioned in Item 5, while MRP does not receive commissions for the implementation and oversight of commissionable securities, it does receive an advisory fee from Mutual Securities for the ongoing oversight and general investment advice on behalf of the client. Please see Items 4 and 5 above for conflicts of interest and additional disclosures related to this relationship.

## **Item 11: Code of Ethics**

### **A. Code of Ethics Summary**

MRP has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor spreading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at the Firm must acknowledge the terms of the Code of Ethics annually, or as amended. The Firm's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Jenna Powell at (858) 935-1125, ext. 111 or [info@mrpfolios.com](mailto:info@mrpfolios.com).

### **B. Personal Trading**

MRP anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which the Firm has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which the Firm, its affiliates and/or clients, directly or indirectly, have a position of interest. The Firm's employees and persons associated with the Firm are required to follow the Firm's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of the Firm and its affiliates may trade



for their own accounts in securities which are recommended to and/or purchased for the Firm's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of the Firm will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of the Firm's clients. In addition, the Code requires pre-clearance of certain transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between the Firm and its clients.

#### **C. Participation or Interest in Client Transactions**

It is the Firm's policy that the firm will not affect any principal transactions or agency cross transactions on behalf of client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to any advisory client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

#### **D. Similar Securities**

There are times when the Firm will transact in the same or similar securities for the Measured Risk Strategy Fund at the same time as it affects transactions for advisory clients. Additionally, officers, directors, employees, and associated persons, of the Firm may invest in the Measured Risk Strategy Fund. This could deem employees to be indirectly trading before other advisory clients during times when the firm aggregates trades for clients, including the Measured Risk Strategy Fund. This creates a potential conflict of interest. To address this conflict of interest, the Firm has written policies and procedures regarding aggregation and allocation of trades (see Item 12 below for further information) and a written Code of Ethics, as summarized above.

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

When MRP places orders for the execution of portfolio transactions for client accounts, transactions are allocated to brokers and dealers for execution in various markets at prices and commission rates that, based upon good faith judgment, will be in the best interest of the client. In addition to using brokers as "agents" and paying commissions, the Firm may affect transactions in securities directly from or to dealers acting as principal at prices that include markups or markdowns and may purchase from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

#### **A. Selection Criteria**

In selecting a broker for any transaction or series of transactions, the Firm may consider a number of factors, including, for example, transaction costs, net price, the financial stability and reputation of the



broker, the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, record keeping and other services provided by such broker or custodian. The Firm typically custodies assets at TD Ameritrade, Inc., member of FINRA/SIPC/NFA (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. However, the Firm will also utilize the services of other custodians as needed.

For the Measured Risk Strategy Fund, the Firm is authorized by the Fund’s Board of Trustees to allocate the orders placed by the firm on behalf of the Fund to brokers or dealers who may, but need not, provide research or statistical material or other services to the Fund or to the Firm for the Funds’ use. Such allocation is to be in such amounts and proportions as the Firm may determine. In selecting a broker or dealer to execute each particular transaction for the Measured Risk Strategy Fund, the Firm generally takes the following into consideration:

- The best net price available;
- The reliability, integrity and financial condition of the broker or dealer;
- The size of and difficulty in executing the order; and
- The value of the expected contribution of the broker or dealer to the investment performance of the Funds on a continuing basis.

Brokers or dealers executing a portfolio transaction on behalf of the Fund may receive a commission in excess of the amount of commission another broker or dealer would have charged for executing the transaction if the Firm determines in good faith that such commission is reasonable in relation to the value of brokerage and research services provided to the Fund (see “Research and other Soft Dollar Benefits” below). In allocating portfolio brokerage, the Firm may select brokers or dealers who also provide brokerage, research and other services to other accounts over which the Firm exercises investment discretion. Some of the services received as the result of Fund transactions may primarily benefit accounts other than the Fund, while services received as the result of portfolio transactions effected on behalf of those other accounts may primarily benefit the Fund. Additional information regarding brokerage selection is outlined in the Funds’ prospectus and statement of additional information and should be read carefully prior to investing.

#### **B. Best Execution**

The Firm will generally seek “best execution” in light of the circumstances involved in transactions. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including among others, net price, reputation, financial strength and stability, efficiency of execution and error resolution, the size of the transaction and the market for the security. The Firm will not obligate itself to obtain the lowest commission or best net price for an account on any particular transaction. Consistent with the foregoing, while the Firm will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

#### **C. Research and Other Soft Dollar Benefits**

The Firm participates in the institutional adviser program (the “Program”) offered by TD Ameritrade Institutional (“TDA Institutional”). TDA Institutional is a division of TD Ameritrade TD Ameritrade





offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. The Firm receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, the Firm participates in TD Ameritrade's institutional customer program and the Firm may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between the Firm's participation in the program and the investment advice it gives to its clients, although the Firm receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving the Firm participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the Firm by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by the Firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit the Firm but may not benefit its client accounts. These products or services may assist the Firm in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help the Firm manage and further develop its business enterprise. The benefits received by the Firm or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, the Firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the Firm or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Firm's choice of TD Ameritrade for custody and brokerage services.

The Firm also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisers participating in the program. Specifically, the Additional Services include Advent. Advent is the parent company to Black Diamond, a service provider that allows the Firm to conduct such activities as generate performance reports and statements, open up a "portal" to users – which typically includes clients – allowing for confidential sharing of certain information, and billing support. Black Diamond may provide other services as well, such as portfolio rebalancing; however such available services are not currently being utilized by the Firm.

TD Ameritrade provides the Additional Services to the Firm in its sole discretion and at its own expense, and the Firm does not pay any fees to TD Ameritrade for the Additional Services. The Firm and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

The Firm's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to the Firm, TD Ameritrade most likely considers the amount and profitability to TD



Ameritrade of the assets in, and trades placed for, the Firm's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with the Firm, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, the Firm may have an incentive to recommend to its Clients that the assets under management by the Firm be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. The Firm's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including seeking best execution of trades for Client accounts.

The Firm also serves on the TD Ameritrade Institutional Trading Panel ("Panel"). The Panel consists of approximately ten independent registered investment advisers that advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the independent adviser and their experience with TD Ameritrade's trading platform. The Panel meets in person once a year. Investment advisers are appointed to serve on the Panel for a one-year term by TDA Institutional trading, sales, service and senior management. At times, Panel members are provided confidential information about TD Ameritrade initiatives. Panel members are required to sign a confidentiality agreement. TD Ameritrade does not compensate Panel members. However, TD Ameritrade may pay or reimburse the Firm for the travel, lodging and meal expenses the Firm incurs in attending Panel meetings. The benefits received by the Firm or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by the Firm or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Firm's recommendation of TD Ameritrade for custody and brokerage services.

#### **D. Trade Aggregation and Allocation**

Transactions for each client will be effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. The Firm performs investment management services for various clients, some of which may have similar investment objectives. The Firm will aggregate sale and purchase orders with other client accounts and proprietary (employee) accounts that have similar orders being made at the same time, if in the Firm's judgment such aggregation is reasonably likely to result in an overall economic benefit to the affected accounts. Such benefits may include better transaction prices and lower trade execution costs. the Firm may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. If all aggregate orders do not fill at the same price, transactions will generally be averaged as to price and allocated among participating accounts pro rata to the purchase and sale orders placed for each participating account on any given day. If such orders cannot be fully executed under prevailing market conditions, the Firm will allocate the securities traded among participating accounts and each similar order in a manner which it considers equitable, taking into consideration, among other things, the size of the orders placed, the relative cash positions of each account, the investment objectives of the accounts, and liquidity of the security. Often this includes MRP creating a new target allocation percentage and reducing that amount until such level that all shares in the partial fill are allocated. If this reduction does not zero out the allocation due to rounding or minimum trade quantity, the excess will either be sold/closed or taken into inventory to be sold/closed by the Firm at a





later date. Either one account will receive the full partial amount, if the requested amount is lower or the same, or a number of accounts (one more account than can be completely filled with the partial amount) will receive a pro-rata allocation based on the amounts initially ordered by each of the participating accounts. Accounts will become eligible for receipt of partial amounts on a rotating basis, based on the client number and the last account that received partial amounts. For example, if MRP wanted a group of clients to get a 10% allocation to “xyz” security, and this resulted in 1500 contracts of a certain option, and MRP is only able to purchase 1408 at the price the Firm established to be feasible, then MRP will start to reduce the allocation percentage to clients from 10 to 9.5, etc. until the allocation total from that group matches 1408. In doing so, MRP may start to entirely drop certain clients from the batched trade who may have only had an allocation of 1 option contract, as fractional contracts are not possible. In other circumstances, MRP may have set a trade value of \$1000 as a minimum screen for inclusion in the initial allocation. If the Firm doesn’t get a complete fill, then smaller client accounts may not receive any allocation if they fall below the \$1000 screen as a result.

#### **E. Directed Brokerage**

The Firm does not permit the client to direct trades to a particular broker-dealer (client “directed brokerage”). However, the Firm may, at its sole discretion, allow such directed brokerage in limited situations based upon the client’s circumstances. Transactions for these clients will generally be executed following the execution of portfolio transactions in other client accounts where the Firm has full discretion to execute trades.

Clients who request directed trades may or may not receive best execution and may pay higher brokerage commissions because the Firm is not able to aggregate orders to reduce transaction costs or otherwise negotiate commissions and may also receive less favorable prices and execution. As a result, the Firm cannot provide assurances that best execution can be obtained in client accounts where the Firm is instructed to direct trades. Further, the Firm’s trade allocation policy dictates that trades in discretionary accounts are grouped together and traded first. Directed brokerage accounts will trade after the aggregated order of discretionary accounts. These trades may be aggregated with other similar orders and may trade last.

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

The IAR performs reviews of all investment advisory accounts for which MRP serves as the primary adviser no less than annually. Reviews may also be triggered by changes in an account holder’s personal, tax or financial status. Macroeconomic and company specific events may also trigger reviews. There is currently no limit on the number of accounts that can be reviewed by the IAR. The Firm reviews investment strategy daily and responds to changes in market conditions, option expirations and input from IARs regarding client suitability.

In situations where the Firm serves as sub-adviser, and for certain solicitor relationships, such account reviews will be conducted by the client’s primary adviser, and not MRP. In such instances, the primary adviser is required to notify MRP of any changes to the client’s status.

Brokerage statements are generated monthly. These statements are prepared and sent directly from the account custodian. These reports list the account positions, activity in the account over the covered



period, and other related information. Clients are also sent confirmations following each brokerage account transaction.

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

### **A. Economic Benefits Received**

As discussed under Item 12, the Firm receives “soft dollar” benefits whereby brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist the Firm in its investment decision-making process. The receipt of such services may be deemed to be the receipt of an economic benefit by the Firm, and although customary, these arrangements give rise to conflicts of interest, including the incentive to allocate securities transactional business to broker-dealers based on the receipt of such benefits rather than on a client’s interest in receiving most favorable execution.

Additionally, as noted in Item 12 above, the Firm participates in the TD Ameritrade institutional program and generally recommends that discretionary clients use TD Ameritrade as their custodian and broker of record. While there is no direct link between the investment advice given to clients and the Firm’s recommendation to use TD Ameritrade as their custodian, certain benefits are received by the Firm due to this arrangement that are typically not available to TD Ameritrade retail investors. Many of these services, though not all, may be used to service all or a substantial number of the Firm’s accounts, including accounts not maintained at TD Ameritrade. These products and services may benefit the Firm but may not benefit our clients’ accounts. TD Ameritrade also makes available to the Firm other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, TD Ameritrade may make available, arrange and/or pay for these types of services rendered to the Firm by independent third parties. TD Ameritrade 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 the Firm. The benefits received by the Firm through its participation in the TD Ameritrade institutional customer program do not depend on the amount of brokerage transactions directed to TD Ameritrade. While as a fiduciary, we endeavor to act in our clients’ best interests, our recommendation that clients maintain their assets in accounts at TD Ameritrade may be based in part on the benefit to the Firm of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by TD Ameritrade. The receipt of these benefits may create a potential conflict of interest and may indirectly influence the Firm’s choice of TD Ameritrade for custody and brokerage services.

Additionally, as mentioned above, certain MRP representatives have outside business activities that provide additional compensation. Please refer to Item 10 above, and/or the respective representative’s Form ADV Part 2B, for detailed information regarding the business activities, the compensation received, the related conflicts and how the Firm mitigates such conflicts.



Further, as detailed in Items 4, 5 and 10 above, MRP has a consulting relationship with Mutual Securities whereby the Firm receives advisory fees for the ongoing support of accounts held with Mutual Securities. Please see Items 4, 5 and 10 for additional disclosures and conflicts related thereto.

#### **B. Compensation for Client Referrals**

The Firm currently pays referral fees to various broker/dealers as well as other independent investment advisers. The Firm has also retained solicitors and will pay solicitation fees for clients who are referred to the Firm. All such agreements are in writing and comply with the applicable state and federal regulations. When a referred client is introduced to the Firm by a solicitor, the Firm will pay that solicitor a fee in accordance with the applicable federal and state securities law requirements. While the specific terms of each agreement may differ, generally, the compensation will be based upon a varying percentage of the fees paid to the Firm by such referred clients until the account is closed by written authorization from the client. Any such fee shall be paid solely from the Firm's investment management fee, and shall not result in any additional charge to the client. The Firm only conducts business with registered solicitors or solicitors that are not required to be registered because they are exempt from registration requirements. The Firm typically does not pay direct compensation to any individual for client referrals.

From time to time the Firm hosts client events where prospective clients may be introduced to the Firm by existing clients and/or third parties. While no payments are made for these referrals directly, the Firm does incur the costs of hosting such events. These events are typically open to all current clients who are physically and geographically able to attend. Additionally, the Firm may underwrite the costs associated with client events that are hosted by referring advisers. The Firm does not receive financial support to offset the costs associated with hosting client events from vendors that the Firm does business with in its capacity as an independent RIA.

#### **Item 15: Custody**

Pursuant to the Investment Advisers Act of 1940, we are deemed to have custody of client funds because we have the authority and ability to debit our fees directly from the accounts of those clients receiving our services. Additionally, certain clients have signed, and may in the future sign, a Standing Letter of Authorization ("SLOA") that gives us the authority to transfer funds to a third-party as directed by the client in the SLOA. This is also deemed to give us custody. Custody is defined as any legal or actual ability by the firm to withdraw client funds or securities. Firms with deemed custody must take the following steps:

1. Ensure clients' managed assets are maintained by a qualified custodian;
2. Have a reasonable belief, after due inquiry, that the qualified custodian will deliver an account statement directly to the client at least quarterly;
3. Confirm that account statements from the custodian contain all transactions that took place in the client's account during the period covered and reflect the deduction of advisory fees; and
4. Obtain a surprise audit by an independent accountant on the clients' accounts for which the advisory firm is deemed to have custody.



However, the rules governing the direct debit of client fees and SLOAs exempts us from the surprise audit rules if certain conditions (in addition to steps 1 through 3 above) are met. Those conditions are as follows:

1. When debiting fees from client accounts, we must receive written authorization from clients permitting advisory fees to be deducted from the client's account.
2. In the case of SLOAs, we must: (i) confirm that the name and address of the third party is included in the SLOA, (ii) document that the third-party receiving the transfer is not related to our firm, and (iii) ensure that certain requirements are being performed by the qualified custodian.

The qualified custodian that is selected by a client maintains actual physical custody of client assets. Client account statements from custodians will be sent directly to each client to the email or postal mailing address that is provided to the qualified custodian selected by the client. Clients are encouraged to compare information provided in reports or statements received by our firm with the account statements received from their custodian for accuracy. In addition, clients should understand that it is their responsibility, not the custodian's, to ensure that the fee calculation is correct.

## **Item 16: Investment Discretion**

### **A. Discretionary Authority; Limitations**

The Firm requires discretionary authority from the client at the outset of an advisory relationship to select which securities are to be bought or sold in client accounts, the amount of securities to be bought or sold in client accounts and when transactions are made. This means that the Firm does not have to obtain prior consent from the client when investing client asset. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. The Firm also has full discretion to choose broker-dealers for effecting client transactions. However, under limited circumstances the Firm may, in its sole discretion permit the use of a particular broker-dealer if specifically directed in writing by a client of a separate account to do so.

When selecting securities and determining amounts, the Firm observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, the Firm's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to the Firm in writing.

### **B. Limited Power of Attorney**

For each account the Firm manages, the client will establish a Limited Power of Attorney with their custodian authorizing the Firm to give the custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent for the account. Additionally, each client will authorize their custodian to debit the client's account for the fees and charges invoiced to them by the Firm.



### **Item 17: Voting *Client* Securities**

The Firm's general policy and practice is to not vote proxies on behalf of its advisory clients and therefore, shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in an advisory client's account, unless the account is an ERISA account and such authority has not been delegated to another named fiduciary in the plan's written documents. Consequently, custodians are instructed to forward all shareholder related material to the owner of the account, and the advisory client retains the responsibility for receiving and voting all proxies for securities held within the client's account. The Firm may provide advice to advisory clients regarding the clients' voting of proxies, but only upon specific written request by client, and the Firm shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

MRP has been delegated proxy voting responsibility by the Measured Risk Strategy Fund for proxies solicited on the securities held in the Fund's portfolio, which is managed by the Firm. The Firm's general policy is to vote proxies received in a manner consistent with the best interests of the Fund and its shareholders. The Firm is required to present to the Board of Trustees for the Measured Risk Strategy Fund, at least annually, the proxy voting policy and a record of each proxy voted by the Firm on behalf of the Fund, including a report on the resolution of all proxies identified by us as involving a conflict of interest.

Information regarding how proxies were voted relating to portfolio securities of the Measured Risk Strategy Fund is outlined in the Fund's prospectus and statement of additional information. For a copy of the Firm's Proxy Voting Policy please call the main number on the cover page of this Disclosure Brochure.

The Firm typically does not advise or act for advisory clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

### **Item 18: Financial Information**

Investment Advisers are required to provide you with certain financial information or disclosures about the firm's financial condition. MRP has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Further, the Firm does not require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered and therefore is not required to include a financial statement.