

Item 1 – Cover Page

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Form ADV, Part 2; our “Disclosure Brochure” or “Brochure” as required by the Texas Securities Board is a very important document between clients (you, your) and Risk Paradigm Group, LLC (RPG, us, we, our). RPG’s IARD firm number is 155870.

This Brochure provides information about our qualifications and business practices. If you have any questions about the contents of this brochure, please contact us at (866) 726-5150. 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.

We are a registered investment adviser with the Securities and Exchange Commission. Our registration as an Investment Adviser does not imply any level of skill or training. Additional information about Risk Paradigm Group, LLC, is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select “investment adviser firm” and type in our firm name). Results will provide you with both Parts 1 and 2 of our Form ADV.

## Item 2 – Material Changes

This is our “initial” filing of our Form ADV Part 2 or “Disclosure Brochure”. As a result, this Document, dated March, 2011 is brand new. This document was developed in response to new requirements adopted and imposed by the SEC under the Investment Advisers Act of 1940 (Advisers Act).

1. In future filings, this section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).
2. We may, at any time, update this Brochure and send a copy to you, or offer to send you a copy (either by electronic means (email) or in hard copy form).
3. If you would like another copy of this Brochure, please download it from the SEC website as indicated above or you may contact our Chief Compliance Officer, Christopher S. Jensen at (866) 726-5150 or [cjensen@riskparadigmgroup.com](mailto:cjensen@riskparadigmgroup.com).

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## Item 4 – Advisory Business

Risk Paradigm Group, LLC, (RPG, us, we, our) is a limited liability company organized under the laws of the Texas Securities Board on October 4, 2010, and equally owned by Iknetics Capital Partners, LLC, Mark B. Reinking, and Jason A. McGinty. Iknetics Capital Partners, LLC is equally owned by Christopher S. Jensen and David M. Gatti. We have filed our application to register as an investment adviser with the U. S. Securities and Exchange Commission including our application to notice file as an investment adviser with the Texas Securities Board, in order to provide the investment advisory products and services described within this document. Additionally, we filed our application to notice file with the State of Illinois. As a new investment adviser, we have no assets under management.

Our target investor is everyone from the retail investor who seeks more diversification than the traditional stock/bond allocation to the high and ultra high net worth investor, family office, pension, endowment or foundation. This Disclosure Brochure provides you with information regarding our qualifications, business practices, and the nature of advisory services that should be considered before becoming our advisory client.

Please contact Christopher S. Jensen, Chief Compliance Officer, if you have any questions about this Brochure.

Individuals associated with us will provide our investment advisory services. These individuals are appropriately licensed and qualified to provide advisory services on our behalf. Such individuals are known as Investment Advisor Representatives (IARs).

Below are descriptions of the investment advisory services we offer. For more detail on any product or service please reference the advisory agreement or speak with your IAR.

RPG will manage client portfolios on a discretionary basis based on the Diversified Risk-Parity Portfolio (DRP), ICP Endowment Stability Fund (ESF), and customized strategies described herein. RPG is an alternative asset management firm specializing in the comprehensive analysis, measurement, and application of risk management principles to diversified investment portfolios. Utilizing both quantitative and qualitative analysis methodologies, RPG provides expertise to investment portfolios requiring exposure to non-traditional asset class investments in a manner strategic to return targets, portfolio spending policies, and volatility limits or risk budgets. RPG also utilizes David Gatti from the Twin Lights Group of Morgan Stanley Smith Barney for outsourced Portfolio Management responsibilities.

RPG will utilize its expertise described above by managing the following investment products:

- 1) DIVERSIFIED RISK PARITY PORTFOLIO: Using a combination of Exchange Traded Funds, managed futures (CTAs), single securities, outside hedge funds & managers, derivatives, and other alternative instruments, DRP Diversified Risk-Parity Portfolio ("DRP" or "The Portfolio") seeks to achieve superior risk adjusted returns by replicating the return streams found within a global hedge fund strategy as measured by the HFRI Fund of Hedge Funds Index. DRP represents an attractive, equity-like return potential with low correlation to the equity or fixed income markets. DRP expects the beta to float in the 0.50 range. These risk/return characteristics compliment a traditional portfolio by reducing over-all volatility, draw-down and give the invested assets a better opportunity to compound. We will be managing DRP in two structures: DRP in Separately Managed Accounts and DRP Mutual Fund (DRP Fund). DRP Fund anticipates a launch date of April 1, 2011, and intends to initially offer Class A shares and Class I (institutional) shares to investors. The Portfolio Manager makes investment decisions for the Fund.
- 2) CUSTOMIZED PORTFOLIO SOLUTIONS TO PRIVATE CLIENTS, ENDOWMENTS, AND FOUNDATIONS: Utilizing our internal expertise and access to top alternative investment managers, we will design and manage customized alternative portfolios for specific clients requiring diversification to their overall portfolio.
- 3) ICP ENDOWMENT STABILITY FUND (ESF): RPG will offer this 40 Act 3C1 exempt vehicle to suitable accredited and qualified investors.

## Item 5 – Fees and Compensation

### **General Account Characteristics**

Described below are general characteristics regarding “other” fees incurred, discretionary authority, payment of fees, and termination of contracts that will affect your account(s). Following these disclosures are descriptions of the accounts or services that we offer, the basic management fee structures and any unique characteristics. For a more complete discussion and disclosure regarding any services or fee structure, we will provide a detailed advisory agreement and/or the third party investment manager’s Disclosure Brochure and the Form ADV Part 2A, Appendix 1 (wrap fee brochure), as applicable.

### **Payment of Fees**

Fees are payable as described below, and automatically deducted from the primary account (i.e., clients with multiple accounts) pursuant to the advisory agreement.

Both our investment advisory agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of our investment advisory fee and to directly remit that management fee to us in compliance with regulatory procedures. You will be provided with a quarterly statement from the account custodian reflecting deduction of the advisory fee or a monthly statement if advisory fees are deducted monthly. You have the option to elect to pay advisory fees directly to us and not have them automatically deducted from your account.

Certain third party managers may calculate their fees based on quarter ending balances or some other method which will be disclosed in the applicable Disclosure Brochure, Wrap Brochure, and advisory agreement provided to the client.

### **Termination of Contracts**

Upon written notice, the advisory agreement may be terminated at any time by either party. For fees paid in advance, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to you. The custodian will deliver securities and funds held at custodian as you instructed unless you requests that the securities and funds be liquidated. Termination of the agreement will not affect the liabilities or obligations of the parties arising out of any transaction initiated prior to termination. This agreement will not terminate in the event of your death, disability, or incompetence. However, in the event of your death, disability, or incompetence, your executor,

guardian, attorney-in fact or other authorized representative may terminate this agreement by giving written notice to us with such termination being effective upon our receipt of such notice.

You acknowledge receipt of Part 2 of the Form ADV; a disclosure statement containing the equivalent information; or a disclosure statement containing at least the information required by Form ADV Part 2A, Appendix 1, if the client is entering into a wrap fee program sponsored by the investment adviser. If the appropriate disclosure statement was not delivered to you at least forty-eight (48) hours prior to entering into any written or oral advisory contract with us, then you have the right to terminate the contract without penalty within five (5) business days after entering into the contract. For the purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract, or, in the case of an oral contract, otherwise signified their acceptance, any other provisions of this contract notwithstanding.

The basic fee schedule for each of the investment product is described below. Details on the termination terms and fees can be found in the applicable advisory agreement.

1) DIVERSIFIED RISK PARITY PORTFOLIO (DRP):

- a. DRP IN SEPARATELY MANAGED ACCOUNTS: In this structure, RPG will charge a management fee between 2% and 2.2% of AUM in each account. Fees will be payable quarterly in advance, and will be automatically deducted from client accounts. Assets will be held in custody by a third party custodian (current examples include Morgan Stanley Smith Barney, Citi, and Fidelity/NFS). Investors may terminate at any time (T+3), and upon termination, any prorated collected management fees will be returned to the investor within 30 days of termination.
- b. DRP MUTUAL FUND: RPG will charge a management fee of 1.60%, with an expense limitation maintained by the fund of no more than 2.2%. Fees will be payable quarterly in advance, and will be automatically deducted by the fund administrator (Gemini Fund Services). Assets will be held in custody by a third party custodian (current examples include Union Bank of California). Investors may terminate at any time (T+3), and upon termination, any prorated collected management fees will be returned in accordance with the regulatory compliance of the fund administrator.

2) CUSTOMIZED PORTFOLIO SOLUTIONS TO PRIVATE CLIENTS, ENDOWMENTS, AND FOUNDATIONS: In this environment, we will charge management fees between 50 – 250 basis points per annum of AUM. Fees will be structured based on a (A) investment policy of the client (i.e., the objective of the portfolio) and (B) the

instruments employed by us as the manager of the portfolio. A recurring example would be managing a portfolio that included outside hedge fund vehicles, Exchange Traded Funds (ETFs), managed futures (CTAs), and direct investments into specific opportunities. In that scenario, a management fee would be charged and a performance fee would be applied to only to the opportunities that we manage directly using internal expertise or direct, proprietary strategies. Fees will be calculated from NAV and paid monthly in arrears, and will be automatically deducted from client accounts. Assets will be held in custody by a third party custodian (current examples include Morgan Stanley Smith Barney, Citi, and Fidelity/NFS). A second, but less frequent example would be a scenario where a client contracts with RPG to analyze, design, and implement a structured product as a hedging strategy for a portfolio. In that scenario, RPG would charge a one-time commission for the design and execution of the hedge, to be paid at the inception of the structured product.

- 3) ICP ENDOWMENT STABILITY FUND (ESF): For AUM identified by RPG and retained by ESF, RPG will receive 50% of ESF management fees (or 75 basis points per annum). Fees will be calculated from NAV and paid monthly in arrears, and will be automatically deducted from the General Partner's account (JP Morgan Chase). Investor assets are held in custody by Morgan Stanley Smith Barney, and the fund is administered by Spectrum Global Fund Administration in Chicago. ESF has a 3-year initial subscription period, followed by a 180 notification period for redemption/termination.

## **ADDITIONAL INFORMATION CONCERNING FEES**

In certain circumstances, advisory fees may be negotiable based upon prior relationships as well as related account holdings. The fees charged are calculated as described above.

Prior to the commencement of services, you and we will enter into a written agreement that sets forth the terms and conditions of the engagement, describes the scope of the services to be provided, and the portion of the fee that is due from you prior to our commencing and upon finalizing services.

All fees paid to us for investment advisory services are separate from the fees and expenses charged by mutual funds and exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. Such fees will generally include a management fee, other fund expenses and a possible distribution fee.



You could invest in a mutual fund, including money market funds, directly, without our services. In that case, you would not receive the services provided by us which are designed, among other things, to assist in determining which mutual fund or funds are most appropriate for your financial condition, goals, and objectives. Accordingly, you should review both the fees charged by the funds and the fees charged by us to fully understand the total amount of fees to be paid and to thereby evaluate the advisory services being provided.

Advisory recommendations are based on your financial situation at the time the services are provided and are based on financial information disclosed by you. You are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. As your financial situation, goals, objectives, or needs change, you must notify us promptly.

We do not have custody of any client funds or securities. A qualified and independent custodian will be used for these asset custodial and management services.

We may offer advice involving investments in stocks, ETFs, hedge funds, private equities, managed futures, master limited partnerships, and mutual funds. You are advised that all fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by stocks, ETF's, hedge funds, private equities, managed futures, and mutual funds (described in each fund's prospectus) to their shareholders. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. You should review all fees charged by mutual funds, including money market funds, RPG, and others to fully understand the total amount of fees you are paying.

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

Performance fee or incentive fee is a fee paid to an investment manager based on the performance of a client's portfolio. If the value of the client's portfolio declines during a year, no performance fee will be payable to the investment manager.

We may charge on the basis of a share of capital gains or capital appreciation of the funds or any portion of the funds of an advisory client must comply with SEC Rule 205-3 (17 Code of Federal Regulations §275.205-3), which prohibits the use of such fee unless the client is a "qualified client." In general, a qualified client may include:

- (1) a natural person or company who at the time of entering into such agreement has at least \$750,000 under the management of the investment adviser;
- (2) a natural person or company who the adviser reasonably believes at the time of entering into the contract:
  - (A) has a net worth of jointly with his or her spouse of more than \$1,500,000; or
  - (B) is a qualified purchaser as defined in the Investment Company Act of 1940, §2(a)(51)(A) (15 U.S.C. 80a-2(51)(A)); or
- (3) a natural person who at the time of entering into the contract is:
  - (A) An executive officer, director, trustee, general partner, or person serving in similar capacity of the investment adviser; or
  - (B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial, or administrative functions with regard to the investment adviser), who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar function or duties for or on behalf of another company for at least 12 months.

All material information concerning the proposed advisory arrangement is made to you prior to entering into an advisory contract including the following:

1. That the fee arrangement may create an incentive for the advisor to make investments that are riskier or more speculative than would be the case in the absence of a performance fee;

2. Where relevant, that the advisor may receive increased compensation with regard to unrealized appreciation as well as realized gains in the client's account;
3. The time period which will be used to measure investment performance throughout the term of the contract and its significance in the computation of the fee;
4. The nature of any index which will be used as a comparative measure of investment performance, the significance of the index, and the reason the advisor believes the index is appropriate; and
5. Where an advisor's compensation is based on the unrealized appreciation of securities for which market quotations are not readily available, how such securities will be valued and the extent to which the valuation will be independently determined.

Our compensation structure is disclosed in detail in Item 5 above.

## **Item 7 – Types of Clients**

As described in item 4 above, our target investor is everyone from the retail investor who seeks more diversification than the traditional stock/bond allocation to the high and ultra high net worth investor, family office, pension, endowment or foundation. We require the following minimum dollar amounts to open/maintain an account:

- 1) DRP in Separately Managed Accounts: \$25,000 minimum, \$1,000 increments to deposit/redeem.
- 2) DRP Mutual Fund: A Shares: \$2,500 minimum/\$1,000 increments to deposit/redeem. I Shares: \$100,000 minimum/\$1,000 increments to deposit/redeem.
- 3) ICP Endowment Stability Fund: \$500,000 minimum initial subscription/\$50,000 increments to add/redeem.

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

We seek to achieve your investment objective by investing, long or short, across a broad array of traditional asset classes, alternative asset classes and derivatives selected using our proprietary "Diversified Risk Parity" strategy.

Traditional asset classes include: (1) common and preferred stocks of US and foreign issuers of any capitalization or currency; (2) fixed income securities of US and foreign issuers of any maturity, currency or credit quality including high yield or junk bonds; and (3) exchange traded-notes ("ETNs"), exchange-traded funds ("ETFs"), open-end investment companies (mutual funds) and closed-end funds that primarily invest in stocks and fixed income securities ("Traditional Underlying Funds"). Traditional Underlying Funds are purchased without restriction as to issuer capitalization, country, credit quality or currency.

Alternative asset classes include: (1) limited partnerships, (2) limited liability companies, (3) master limited partnerships ("MLPs"), and (4) ETNs, ETFs, mutual funds and closed-end funds (collectively "Alternative Underlying Funds") that each primarily invest in (i) commodities, (ii) currencies, (iii) real estate, (iv) financial indices, or (iv) MLPs that employ specialized strategies such as merger arbitrage, fixed income arbitrage, market neutral or global macro trend-following. Alternative Underlying Funds are purchased without restriction as to issuer capitalization, country, credit quality or currency.

Derivatives used by the Fund include: exchange-traded or over-the-counter (1) options, (2) futures contracts, (3) forward contracts, and (4) swaps on (i) commodities, (ii) financial indices and instruments, (iii) foreign currencies, or (iv) equity indices. The Fund uses derivatives as substitutes for securities, to generate capital gains and/or to hedge portfolio risk.

DRP Diversified Risk-Parity Portfolio ("DRP" or "The Portfolio") seeks to achieve superior risk adjusted returns by replicating the return streams found within a global hedge fund strategy. DRP will offer daily valuation and daily liquidity to the investor. Within that framework DRP seeks risk factor neutrality within three major risk factors. These are economic growth, inflation and risk. In an effort to move The Portfolio towards neutrality, we feel it is important to shift the risk exposure of DRP away from areas where general hedge fund allocations create outsized exposures to certain economic factors. This risk can then be re-allocated into those environments where The Portfolio lacks material exposure. For example, the HFRI Fund of Hedge Funds Index's largest sensitivity is to rising growth and risk seeking environments with less protection

during the opposite conditions or to rising inflation. In an effort to gain meaningful exposure to these factors, we believe that an investment through DRP can make a material improvement in an investment portfolio's overall return characteristics while also offering daily liquidity to the investor.

We actively manage investments for the Fund using risk management strategies which employ both fundamental and technical analysis. We buy investments that are undervalued and sell them when they have reached their target price or more attractive investments are available. We take short positions that it believes are overvalued and covers (buys back) these positions when it believes they have reached their target price. We also buy and sell securities to maintain allocations as dictated by the DRP and to manage risk. We may engage in frequent buying and selling of portfolio securities and derivatives to achieve the Fund's investment objectives.

While the basic capital allocation is helpful, we feel it is more useful to isolate the risk factors that drive portfolio volatility. Our trading philosophy is designed to mitigate risk by using three statistical measures. Two are properties of the assets themselves: Risk (as measured by volatility) and correlation (with the other assets held in the portfolio). These two factors are specific to each asset. The third factor is the weighting of each asset in the portfolio. This is the one area where the Portfolio Manager (PM) can alter the risk/return profile of the portfolio of assets. We will seek asymmetry in our exposures as we consider exposing capital to our major themes.

DRP will only seek the best risk-adjusted opportunities. Our strategy offers a number of unique and compelling characteristics. The first is the risk adjusted return profile. The return streams from this investment are different than those found at most "asset gathering" firms. We are not reliant on corporate earnings to generate returns, but rather pricing inefficiencies. We are a natural diversifier, which has a positive impact on the risk/return characteristics of the over-all portfolio. The second is the liquidity profile. DRP offers daily liquidity, so it is appealing to a number of investor types. For an individual who has not allocated capital to hedge funds in the past but wants to "try it on", DRP affords the opportunity to get hedge-fund type exposure and still have the control of daily liquidity. Also, the CIO of a large pool of capital who wants a more meaningful allocation to the hedge fund space can utilize DRP to fulfill two needs: First, it is an immediate parking spot in the hedge fund space, thereby increasing access to the target asset-class exposure. Secondly, DRP's daily liquidity preserves a CIO's target liquidity profile, which allows that manager to seek deeper value in his other hedge fund allocations by going further out on the illiquidity scale. Lastly, DRP's PM has unique background, skill set and experience that differentiates DRP from other instruments in the space.

The current market condition is quite favorable for this particular strategy due to a number of factors. Currently, volatility is rising. As volatility accelerates, our portfolio will systematically increase its hedging strategies. Having a global mandate will help DRP as opportunities exist in both the equity and credit in the emerging markets. In addition, we expect the macro outlook to remain volatile in the coming months. Within our framework, we feel this volatility represents an opportunity to defend and grow our investor's capital.

DRP's weakness is the relative performance during ideal risk seeking times in the capital markets. DRP by design will not likely keep up with a market that is going straight up. Our strength is during times of higher volatility and rising correlations. We defend capital and allow it to compound much quicker than the "asset gatherers" that build and hold positions. DRP is constantly monitoring the volatility and correlation of its holdings.

There are inherent risks involved for each investment strategy or method of analysis we use and the particular type of security we recommend. Investing in securities involves risk of loss which you should be prepared to bear.

## **Item 9 – Disciplinary Information**

Neither we nor any of our associated persons have any legal, financial or other “disciplinary” item to report. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client / Adviser relationship, or to continue a Client /Adviser relationship with us.



## Item 10 – Other Financial Industry Activities and Affiliations

Neither RPG nor its employees are registered (except as stated below), or have an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or an associated person (or registered representative) of the foregoing entities.

In addition, neither RPG nor its employees have any arrangement that is material to its advisory business or to our clients with an affiliated person that is a:

- Broker-dealer,
- Investment Company,
- Futures commission merchant (or commodity pool operator or commodity trading advisor),
- Banking or thrift institution,
- Accountant or accounting firm,
- Lawyer or law firm,
- Insurance company or agency,
- Pension consultant, or
- Real estate broker or dealer.

All members of RPG have other business activities. RPG is intended primary business activity of all of the members, with the other business activities either complimenting us or functioning as an ancillary to our primary business activity. The percentage breakdowns are as follows:

- 1) Iknetics Capital Partners (Chris Jensen): This asset manager and General Partner of the ICP Endowment Stability Fund (3C1 accredited vehicle) was previously established (in 2008) and is complimentary to the offerings of RPG. 80% of his time will be spent on RPG/DRP, and 20% of his time will remain dedicated to Iknetics / ESF.

- 2) RAM Financial Group (Mark Reinking): This estate planning and financial advisory practice is complimentary to the offerings of RPG. While Mark has the primary responsibility of operating RAM Financial Group, 50% of his time will be allocated to RPG due to the complimentary products offered.
- 3) Jason McGinty: As the CIO of RAM Financial Group, Mr. McGinty will continue to have management responsibilities with RAM. Those responsibilities will effectively overlap with his role as Director of Trading at RPG, thereby aligning his time activities with the new venture. 90% of his time will be spent on RPG.
- 4) Twin Lights Group (David Gatti): Like Jason McGinty, 90% of Mr. Gatti's time will be spent on designing and managing investment strategies that directly contribute to RPG. His outside business activities are aligned, and his role as outside portfolio manager is consistent with his daily activities managing assets with Twin Lights Group.

Members who are not IARs with RPG will not receive direct advisor compensation from the firm. David Gatti is an IAR registered with another RIA (Morgan Stanley Smith Barney). Messrs. Reinking and McGinty are both IARs registered with the RIA of Centaurus Financial in Anaheim, CA, a registered broker dealer and investment adviser.

Except for Iknetics Capital Partners, the above affiliation may be considered material; however, we are not affiliated with any broker dealers or investment advisers.

## Item 11 – Code of Ethics

We have in place Ethics Rules (the “Rules”), which are comprised of the Code of Ethics and Insider Trading policies and procedures. The Rules are designed to ensure that our personnel (i) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; (ii) at all times place the interests of our clients first; (iii) disclose all actual or potential conflicts; (iv) adhere to the highest standards of loyalty, candor and care in all matters relating to its clients; (v) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and (vi) not use any material non-public information in securities trading. The Rules also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of the Rules, our personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any client; and 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the Rules.

Our personnel are required to conduct their personal investment activities in a manner that we believe is not detrimental to its advisory clients. Our personnel are not permitted to transact in securities except under circumstances specified in the Code of Ethics. However, as described below, there may be circumstances where our personnel may buy and sell on behalf of its clients, securities of issuers or other investments in which they own securities or otherwise have an interest. The policy requires all Access Persons (defined as investment personnel, which includes portfolio managers, assistant portfolio managers, research analysts and trading room personnel, our officers, and other designated persons) to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code of Ethics. The Ethics Rules are available to you and prospective clients from upon request.

We will manage customized portfolios on behalf of client assets (including Diversified Risk-Parity Portfolio (DRP) and Endowment Stability Fund, LP (ESF)), and as such, will be effecting transactions on behalf of those clients.

We are the owner of DRP, for which we will be recommending to clients based on suitability. Our members are also members of Iknetics Capital Partners, the General Partner of ESF, for which we will also be recommending to accredited and qualified investors based on suitability. In both of these scenarios, we will not charge an additional layer or advisory fee (i.e., no “double-dipping”), thereby maintaining price integrity to those products.

On an ongoing basis, we will reinvest individual personal assets as well as member bonus assets into DRP and ESF, thereby buying securities that it will also be recommending to clients. Such transactions are permitted if in compliance with our Policy on Personal Securities Transactions. Reports of personal transactions in securities by our IARs are reviewed by the firm’s Compliance Department quarterly or more frequently if required.

## **Item 12 – Brokerage Practices**

We are not planning on recommending or suggesting the use of any broker dealer. While we reserve the right to implement soft dollar arrangements with any broker dealer, we do not have any in place at the moment and we will provide full disclosure upon any enactment. Additionally, we do not aggregate trades.

## Item 13 – Review of Accounts

Review schedule for Diversified Risk-Parity Portfolio in Separately Managed Accounts, Customized Portfolios, and Endowment Stability Fund, LP:

Discovery & Suitability Review:	Conducted at the onset of interest to determine suitability of client.
Analysis and Recommendations:	Follow-up to discovery and analysis of client data.
Annual Review:	Client call/meeting to review strategy performance and any changes to client objectives or status.
Redemption/Exit Interview:	Upon redemption/termination notification, client interview to determine decision processes.

Participants in the review process include, but are not limited to the primary RPG contact, your (IAR) financial advisor, the Portfolio Manager, the CCO of the RIA (RPG or otherwise), or any of our member or manager.

Instructions at each review event are to identify and review:

- Verification of our current understanding of the client, which includes:
- The client and their current structure (individual accounts, LLCs, LPs, Trusts, etc.);
- Overall holdings and/or positions in the portfolio;
- Investment objectives, investment policies, mandates, and/or risk profiles or budgets; and
- Any changes to objectives or status that may have occurred since the last review event.

On all strategies, (A) clients and (B) any interested party that the client specifies in writing, shall receive the following periodic reporting:

- 1) Monthly estimated performance reporting on the portfolio managed by us, including relevant market commentary;
- 2) Monthly third party administrator audited reporting of client's NAV/financial statement;

- 3) Periodic (quarterly or semi-annual) general or thematic market commentary;
- 4) Year-End third party administrator audited reporting of client's NAV/financial statement; and
- 5) Required K-1, 1099, or otherwise required tax form for each calendar year of the client's participation in an investment.
- 6) Any SEC required reporting for DRP Mutual Fund regulatory compliance for the mutual fund.

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

In the event that an outside IAR or RIA referred a client to us for the purposes of designing and managing a customized solution, we would be prepared to negotiate a revenue-sharing advisor trail that would be paid out of our management fees. For Diversified Risk-Parity Portfolio in Separately Managed Accounts, an outside advisor may charge a layered fee to the client, but that fee would be independent of our management fees and would be negotiated directly between that IAR/RIA and client. For DRP Mutual Fund, all fees and commissions would be outlined in a prospectus and administered by a third party administrator in accordance with SEC regulations determined by share classes in the mutual fund.

In connection with the placement of client funds into investment companies, compensation may take the form of front-end sales charges, redemption fees and 12(b)-1 fees or a combination thereof. The prospectus for the investment company will give explicit detail as to the method and form of compensation.



## Item 15 – Custody

We do not have custody of client funds or securities; however, we may be granted authority, upon written consent from you, to deduct the advisory fees directly from your account. The custodian will send to you, at least quarterly, an account statement identifying the amount of funds and each security in the account at the end of period and setting forth all transactions in the account during that period including the amount of advisory fees paid directly to us.

Messrs. Jensen and Gatti are members of Iknetics Capital Partners, the General Partner (GP) of the ICP Endowment Stability Fund, LP (ESF). As such, it deems to have custody of client funds and/or securities. An independent public accountant will annually audit the pooled investment vehicle(s) that Mr. Jensen manage. Audited financial statements are distributed to the investors in the pools. ICP Fund is a multi-asset class convergence fund that invests in single manager and multi-strategy hedge funds, hedge fund of funds, mutual funds, and select direct opportunities. The GP was established in 2008 and the fund was established in 2009, and this endowment-style diversified alternative strategy was the precursor to Risk Paradigm Group and the DRP portfolio. ESF is one of our offerings.

## Item 16 – Investment Discretion

As described in details in Item 4 above, in certain cases, you may give the non-affiliated financial advisor discretionary authority to more actively manage your assets. This authority is disclosed in the applicable advisory agreement. Our IAR will have discretionary or non-discretionary authority to manage your assets.

Upon receiving written authorization from you, our IARs may occasionally accept trading authority when it is necessary to assist you in implementing your investment strategy. Specifically noted in the written client agreement, this authority will be limited to determining the type and amount of securities to be bought or sold, and the price per share at which securities transactions are effected. You will have the right to place reasonable restrictions on such authority. Any restrictions must be submitted in writing to us.

We manage client portfolios on a discretionary basis based on the Diversified Risk-Parity Portfolio (DRP), ICP Endowment Stability Fund, LP, and customized strategies described herein. We will experience limitations placed on us by the specific investment policies and mandates as defined in the documentation of each specific strategy even though we do not have limitations placed on us regarding security selection, amount, instrument used, which broker dealer and/or custodian chosen to manage the investment strategies.

For example, DRP's daily valuation and liquidity requirements will manifest differently in Separately Managed Accounts (SMA) versus a mutual fund structure. In an SMA, we are precluded from using any instrument that is not fully liquid. As a mutual fund with pooled assets, we will have the ability to maintain our liquidity requirements and, as the fund grows in size, reduce costs and incorporate economies of scale through direct deployment into specific managers or instruments.

This also becomes applicable when selecting and utilizing broker-dealer platforms. DRP-SMA becomes cost prohibitive when using certain broker dealer platforms to custody assets and execute block trades throughout the DRP strategy. As a mutual fund, we will have the ability to exercise better cost control by negotiating the trading costs directly with a broker dealer/custodial platform.

We intend to operate RPG under an open-architecture platform as a means to attract assets and maintain transparency to the client. Regardless of product structure, we

have and will continue to allow investment partners to view our strategy at the position/instrument/manager/platform level.

## **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

We do not vote proxies. You maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by you shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to your investment assets. We and/or you shall correspondingly instruct each custodian of the assets to forward copies of all proxies and shareholder communications relating to your investment assets. While it would not often happen, the DRP Fund will use proxy voting services for proxy votes on securities that we hold as managers of our portfolios.

## **Item 18 – Financial Information**

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you given that we do not have custody of client funds or securities, or require or solicit prepayment of fees more than \$1,200 per client and six months or more in advance. In addition, we are not currently, nor at any time in the past ten years been, subject of a bankruptcy petition.