



## **Risk Paradigm Group, LLC**

### **Form ADV Part 2A – Disclosure Brochure**

**Effective: April 11, 2012**

This Disclosure Brochure provides information about the qualifications and business practices of Risk Paradigm Group, LLC ("RPg"). If you have any questions about the contents of this Disclosure Brochure, please contact us at (866) 726-5150 or by email at [info@riskparadigmgroup.com](mailto:info@riskparadigmgroup.com).

RPg is a Registered Investment Advisor with the U.S. Securities and Exchange Commission. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about RPg to assist you in determining whether to retain the Advisor.

Additional information about RPg and its advisory persons are available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Risk Paradigm Group, LLC**  
CRD No: 155870  
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Phone: (866) 726-5150  
[www.rpgassetmanagement.com](http://www.rpgassetmanagement.com)

## Item 2 – Material Changes

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Form ADV 2 is divided into two parts: *Part 2A and Part 2B*. *Part 2A* (the “Disclosure Brochure”) provides information about a variety of topics relating to an Advisor’s business practices and conflicts of interest. *Part 2B* (the “Brochure Supplement”) provides information about advisory personnel of RPg.

RPg believes that communication and transparency are the foundation of our relationship and continually strive to provide our Clients with the complete and accurate information at all times. We encourage all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

### Material Changes

#### Item 4.A. – Firm Information:

Risk Paradigm Group, LLC became a wholly-owned subsidiary of Risk Paradigm Group Holdings, LLC, a Delaware limited liability company. This change is a structural entity change and does not impact the advisory agreements or services provided to Clients.

#### Item 4.B. – Investment Strategies:

RPg has added additional investment strategies which are described in Item 4.B.

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of RPg.

At any time, you may view the current Disclosure Brochure on-line at the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

To review the firm information for RPg:

- Click **Investment Advisor Search** in the left navigation menu.
- Select the option for **Investment Advisor Firm** and enter **155870** (our firm’s CRD number) in the field labeled “Firm IARD/CRD Number”.
- This will provide access to Form ADV Part 1 and Part 2.
- Item 11 of the ADV Part 1 lists legal and disciplinary questions regarding the Advisor.
- In the left navigation menu, Form ADV Part 2 is located near the bottom.

You may also request a copy of this Disclosure Brochure at any time, by contacting us at (866) 726-5150 or by email at [info@riskparadigmgroup.com](mailto:info@riskparadigmgroup.com).

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## Item 4 – Advisory Services

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### A. Firm Information

Risk Paradigm Group, LLC (“RPg”, the “Advisor”, “us” or “we”) is a Registered Investment Advisor with the U.S. Securities and Exchange Commission, which is organized as a Limited Liability Company (“LLC”) under the laws of the State of Texas. RPg was founded October 2010 and is a wholly owned subsidiary of RPg Holdings, LLC. This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by RPg.

### B. Advisory Services Offered

RPg offers investment advisory services to institutional investors, family offices, registered investment advisors and high net worth individuals (each referred to as a “Client” or “you”).

Please contact Christopher S. Jensen, the Advisor’s Chief Compliance Officer, with any questions regarding this Disclosure Brochure

#### Account Portfolio Management

RPg will manage all Client portfolios on a discretionary basis based on the investment mandate selected for each Client. 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 will utilize its expertise described above by managing the following investment products:

- **Diversified Risk Parity Portfolio Strategy:** 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 “DRP 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, drawdown and give the invested assets a better opportunity to compound. We manage DRP in two structures: DRP in Separately Managed Accounts and Diversified Risk Parity Fund (DRP Fund). The DRP Fund offers Class A shares (DRPAX) and Class I – Institutional shares (DRPIX) to investors.
- **AlphaSector Core Domestic Equity Portfolio Strategy (“ASCDE”):** Starting with a top down, global macro view of the investment environment, RPg assesses domestic sector exposures that will reflect our views. Once a domestic sector’s exposure concept is accepted, we evaluate it in our domestic equity model statistical laboratory. ASCDE seeks to identify asymmetric opportunities that reflect our global macro view. Our active management approach determines overall asset allocation, controlling the underlying exposures to seek asymmetric returns that reflect the potential in domestic markets. Simultaneously, our extensive risk management process strives to mitigate downside risk by either including or excluding a sector. We manage ASCDE in Separately Managed Accounts.
- **AlphaSector Premium FT Portfolio Strategy (“ASFT”):** Starting with a top down, global macro view of the investment environment, RPg assesses domestic sector exposures that will reflect our views. Once a domestic sector’s exposure concept is accepted, we evaluate it in our domestic equity model statistical laboratory. ASFT seeks to identify asymmetric opportunities that reflect our global macro view. Our active management approach determines overall asset allocation, controlling the underlying exposures to seek asymmetric returns that reflect the potential in domestic markets. Simultaneously, our extensive risk management process strives to mitigate downside risk by either including or excluding a sector. We manage ASFT in Separately Managed Accounts.

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- **AlphaSector Core Emerging Markets Equity Portfolio Strategy ("ASCEME"):** Starting with a top down, global macro view of the investment environment, RPg assesses the emerging market sector exposures that will reflect our views. Once an emerging market sector exposure concept is accepted, we evaluate it in our EM model statistical laboratory. ASCEME seeks to identify asymmetric opportunities that reflect our global macro view. Our active management approach determines overall asset allocation, controlling the underlying exposures to seek asymmetric returns that reflect the potential in emerging markets. Simultaneously, our extensive risk management process strives to mitigate downside risk by either including or excluding a sector. We manage ASCEME in two structures: ASCEME in Separately Managed Accounts and the RPg Emerging Markets Sector Rotation Fund (EM Fund). The EM Fund offers Class A shares (EMSAX) and Class I - Institutional shares (EMSIX) to investors.
- **AlphaSector Hedged Portfolio Strategy ("ASHP"):** Starting with a top down, global macro view of the investment environment, RPg assesses domestic sector exposures that will reflect our views. Once a domestic sector's exposure concept is accepted, we evaluate it in our domestic equity model statistical laboratory. ASHP seeks to identify asymmetric opportunities that reflect our global macro view. Our active management approach determines overall asset allocation, controlling the underlying exposures to seek asymmetric returns that reflect the potential in domestic markets. Simultaneously, our extensive risk management process strives to mitigate downside risk by either including or shorting a sector by utilizing inverse sector ETFs. We manage ASHP in Separately Managed Accounts.
- **AlphaSector Target Risk Model Strategy ("ASTR"):** The RPg AlphaSector Target Risk Model Strategies seek to align investment results with the real needs of investors (Client-centric versus benchmark-centric) by offering allocation models that range from Conservative to Aggressive. The strategic model allocations represent suggested long term targets when the portfolios are fully invested. The portfolios may "de-risk" when market conditions dictate and significantly reduce target allocations within sleeves. We manage ASTR in Separately Managed Accounts.
- **Market Neutral SVQ Portfolio Strategy ("SVQ"):** The RPg Market Neutral SVQ strategy represents an attractive, risk-adjusted exposure to the US Large Cap equity markets. The portfolio's index has had a beta to the S&P 500 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. The strategy is reflective of three Dow Jones thematic market-neutral US indices: Size, Value, and Quality. RPg manages SVQ in Separately Managed Accounts.
- **ICP Endowment Stability Fund ("ESF"):** RPg will offer this 40-Act exempt 3(C)1 limited partnership structure vehicle to suitable accredited and qualified investors.
- **Customized Portfolio Strategy 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.

RPg evaluates and selects securities for inclusion in its investment strategies only after applying its internal due diligence process. RPg will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services. At no time will RPg accept or maintain custody of a Client's funds or securities. All Client assets will be managed within their designated brokerage account or pension account, pursuant to the Client investment management agreement.

### C. Client Account Management

Prior to engaging RPg to provide investment advisory services, each Client is required to enter into an investment management agreement with the Advisor that defines the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Policy Statement – RPg, in connection with the Client, may develop a statement that summarizes the Client's investment goals and objectives along with the broad strategy[ies] to be employed to meet the objectives.
- Asset Allocation – RPg will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.

- Portfolio Construction – RPg will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – RPg will provide investment management and ongoing oversight of the Client’s portfolio and overall account.

#### **D. Wrap Fee Programs**

RPg does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by RPg.

#### **E. Assets Under Management**

As of March 31, 2012, RPg manages the following assets:

Assets Under Management	Assets
Discretionary Assets	\$208,000,000
Non-Discretionary Assets	--
<b>Total</b>	<b>\$208,000,000</b>

Clients may request more current information at any time by contacting the Advisor.

### **Item 5 – Fees and Compensation**

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#### 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.

#### 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 management agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of our investment management fee and to directly remit that investment management fee to us in compliance with regulatory procedures. Clients will be provided with a statement from the account custodian at least quarterly reflecting deduction of the investment management fee. 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(s) provided to the Client.

#### Termination of Contracts

Upon written notice, the investment management 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 the Client. The custodian will deliver securities and funds held at custodian as instructed by the Client, unless the Client requests that the securities and funds be liquidated. Termination of an investment management agreement will not affect the liabilities or obligations of the parties arising out of any transaction initiated prior to termination. An investment management agreement will not terminate in the event of your death, disability, or incompetence. However, in the event of the Client’s death, disability, or incompetence, the Client’s executor, guardian, attorney-in fact or other authorized representative may terminate an investment management agreement by providing written notice to RPg with such termination being effective upon our receipt of such notice.

The basic fee schedule for RPg’s investment products and services are described below. Details on the termination terms and fees can be found in the applicable investment management agreement.



Diversified Risk Parity Strategy(DRP):

**DRP in Separately Managed Accounts:** In this structure, RPg will charge a management fee between 0.50% and 2.20% of the assets under management 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). Clients may terminate at any time (T+3), and upon termination, any prorate collected investment management fees will be returned to the investor within 30 days of termination.

**Diversified Risk Parity Fund(the “DRP Fund”):**RPg will charge a management fee of 1.60%, with an expense limitation maintained by the DRP Fund of no more than 2.40% for Class A shares and 2.15% for Class I shares. Fees will be payable quarterly in advance, and will be automatically deducted by the fund administrator (Gemini Fund Services, Inc.). 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 prorate collected investment management fees will be returned in accordance with the regulatory compliance of the fund administrator.

AlphaSector Core Domestic Equities (ASCDE):

**ASCDE in Separately Managed Accounts:** In this structure, RPg will charge a management fee between 0.50% and 2.20% of the assets under management 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). Clients may terminate at any time (T+3), and upon termination, any prorate collected investment management fees will be returned to the investor within 30 days of termination.

AlphaSector Premium FT (ASFT):

**ASFT in Separately Managed Accounts:** In this structure, RPg will charge a management fee between 0.50% and 2.20% of the assets under management 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). Clients may terminate at any time (T+3), and upon termination, any prorate collected investment management fees will be returned to the investor within 30 days of termination.

AlphaSector Core Emerging Markets Equity (ASCEME):

**ASCEME in Separately Managed Accounts:** In this structure, RPg will charge a management fee between 0.50% and 2.20% of the assets under management 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). Clients may terminate at any time (T+3), and upon termination, any prorate collected investment management fees will be returned to the investor within 30 days of termination.

**RPg Emerging Markets Sector Rotation Fund (the “EM Fund”):**RPg will charge a management fee of 1.10%, with an expense limitation maintained by the EM Fund of no more than 1.95% for Class A shares and 1.65% for Class I shares. Fees will be payable quarterly in advance, and will be automatically deducted by the fund administrator (Gemini Fund Services, Inc.). 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 prorate collected investment management fees will be returned in accordance with the regulatory compliance of the fund administrator.

AlphaSector Hedged Portfolio Strategy (“ASHP”):

**ASHP in Separately Managed Accounts:** In this structure, RPg will charge a management fee between 0.50% and 2.20% of the assets under management in each account. RPg will also charge an annual incentive fee of 20% of profits on all direct investments for which RPg provides internal management expertise. 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). Clients may terminate at any time (T+3), and upon termination, any prorate collected investment management fees will be returned to the investor within 30 days of termination.

AlphaSector Target Risk Model Strategy ("ASTR"):

**ASTR in Separately Managed Accounts:** In this structure, RPg will charge a management fee between 0.50% and 2.20% of the assets under management 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). Clients may terminate at any time (T+3), and upon termination, any prorate collected investment management fees will be returned to the investor within 30 days of termination.

Market Neutral SVQ Strategy ("SVQ"):

**SVQ in Separately Managed Accounts:** In this structure, RPg will charge a management fee between 0.50% and 2.20% of the assets under management 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). Clients may terminate at any time (T+3), and upon termination, any prorate collected investment management fees will be returned to the investor within 30 days of termination.

Limited Partnership Investment Vehicles

**ICP Endowment Stability Fund (ESF):** RPg will charge a management fee of 1.50% of the assets under management in the fund. Management fees will be calculated from NAV and collected monthly in arrears following reporting by the independent third party administrator (or approximately 45 days following the close of the period). RPg will also charge an annual incentive fee of 20% of profits on all direct investments for which RPg provides internal management expertise. Fees 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 AlphaMetrix360 Fund Administration in Chicago. ESF has a 1-year initial subscription period, followed by a 65-day notification period for redemption/termination.

Customized Portfolio Solutions to Private Clients, Endowments, and Foundations:

RPg charges investment management fees from 0.50% to 2.50% annually based on assets under management. Fees will be structured based on (a) the investment policy of the Client (i.e., the objective of the portfolio) and (b) the instruments employed by RPg 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 this scenario, an investment management fee would be charged and a performance fee would be applied to only 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.

Customized Portfolio Solutions to Private Clients, Endowments, and Foundations (continued):

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 fee for the design and execution of the hedge, to be paid at the inception of the structured product.

Additional Information Concerning Fees

In certain circumstances, investment management fees may be negotiable based upon prior relationships as well as related account holdings. The fees charged are calculated as described above. Transaction costs are generally included in the investment management fee. A detail of the fee structures is included in the investment management agreement with each Client.

Prior to the commencement of services, the Client and RPg 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 the Client prior to RPg commencing and upon finalizing services.

All fees paid to RPg 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.

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#### Additional Information Concerning Fees - continued

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 RPg, 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 the Client's financial situation at the time the services are provided and are based on financial information disclosed by the Client. Clients 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. Client are reminded that as their financial situation, goals, objectives, or needs change, the Client must notify us promptly.

RPg does not have custody of any Client funds or securities. A qualified and independent custodian will be used for these asset custodial and management services.

RPg may offer advice involving investments in stocks, ETFs, hedge funds, private equities, managed futures, master limited partnerships, and mutual funds. Clients are advised that all fees paid to RPg for investment management 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. Clients should review all fees charged by mutual funds, including money market funds, RPg, and others to fully understand the total amount of fees being paid.

#### **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.

RPg 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, provided, we comply with requirements of 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."

#### Who is a "Qualified Client"?

The Investment Advisers Act of 1940 (the "Advisers Act"), Rule 205-3(d)(1) defines a "Qualified Client" who is financially sophisticated and meets one or more of the following conditions:

1. Client is a natural person who or a company that immediately after entering into the contract has at least \$1,000,000 under the management of the Advisor;
2. Client is a natural person who or a company that immediately prior to entering into the contract, has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,000,000 at the time the contract is entered into. In general, a qualified client may include:

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;

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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**

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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: \$100,000 minimum.
2. DRP Mutual Fund: A Shares: \$2,500 minimum/\$100 increments to deposit/redeem. I Shares: \$1,000,000 minimum/\$100 increments to deposit/redeem.
3. ASCDE in Separately Managed Accounts: \$100,000 minimum
4. ASFT in Separately Managed Accounts: \$100,000 minimum
5. ASCEME in Separately Managed Accounts: \$100,000 minimum
6. ASCEME in the RPg EM Sector Rotation Fund: \$2,500 minimum/\$100 increments to deposit/redeem. Institutional (I) Shares: \$1,000,000 minimum/\$1,000 increments to deposit/redeem.
7. ASHP in Separately Managed Accounts: \$100,000 minimum
8. ASTR in Separately Managed Accounts: \$100,000 minimum
9. SVQ in Separately Managed Accounts: \$100,000 minimum
10. ICP Endowment Stability Fund: \$250,000 minimum initial subscription/\$50,000 increments to add/redeem.

The relative percentage each type of Client is available on RPg's Form ADV Part 1. These percentages will change over time.

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

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RPg seeks 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 proprietary risk management metrics and other strategies.

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 RPg strategies 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. Certain strategies or structures use derivatives as substitutes for securities, to generate capital gains and/or to hedge portfolio risk.

We actively manage investments using risk management strategies, which employ both fundamental and technical analysis. Our policies are designed to 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 we believe are overvalued and covers (buys back) these positions when we believe they have reached their target price. We also buy and sell securities to maintain allocations as dictated by the respective strategies and to manage risk. We may engage in frequent buying and selling of portfolio securities and derivatives to achieve the stated investment objectives. While the basic capital allocation is helpful, we feel it is more useful to isolate the risk factors that drive portfolio volatility. We will seek asymmetry in our exposures as we consider exposing capital to our major themes.

RPg strategies are intended to offer a number of unique and compelling characteristics. The first is the risk adjusted return profile. The return streams from these investment strategies 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 institutional management of liquidity in RPg strategies. Using DRP as an example, the strategy is compelling to 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. Our Core Domestic (ASCDE) and Core Emerging Market (ASCME) strategies both offer long-only blended large cap equity exposures in a manner which allows the investor to participate in the growth of the respective equity markets while also applying policy-based risk controls to reduce risk and build cash during market corrections...

The current market condition is quite favorable for RPg strategies due to a number of factors. As volatility accelerates, our portfolios will systematically reduce their risk exposures, or in certain strategies, they’ll increase their hedges. Having a global mandate will help 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. Our weakness is the relative performance during ideal risk seeking times in the capital markets. RPg’s core strategies 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, for which Clients should be prepared to bear.

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## **Item 9 – Disciplinary Information**

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**There are no legal, regulatory or disciplinary events involving RPg or any of its advisory personnel.** RPg and its advisory personnel value the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider in which you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). To review the firm information contained in ADV Part 1, select the option for Investment Adviser Firm and enter 155870 in the field labeled “Firm IARD/CRD Number”. This will provide access to Form ADV Parts 1 and 2. Item 11 of the ADV Part 1 lists legal and disciplinary questions.

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

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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 (CTA) 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.

RPg is a wholly owned subsidiary of Risk Paradigm Group Holdings, LLC, a Delaware limited liability holding company. Risk Paradigm Group Holdings, LLC is a privately held partnership consisting of seven member-managers and two passive, non-managing investors. Risk Paradigm Group Holdings, LLC is also the parent to RPg Family Wealth Advisory, LLC, an affiliated registered investment advisor that provides comprehensive investment advisory and wealth management services. Certain Advisory Persons of RPg are also managing members and/or Advisory Persons of RPg Family Wealth Advisory, LLC. All managing members of RPg are partners in Risk Paradigm Group Holdings, LLC.

The following individuals have primary responsibility for the management and operation of RPg:

David Gatti	Chief Executive Officer and Chief Investment Officer
Jason McGinty	Senior Portfolio Manager
Chris Jensen	Chief Operating Officer and Chief Compliance Officer

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

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

RPg has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with RPg. The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. RPg and its personnel owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of RPg associates to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include; general ethical principles, reporting personal securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. RPg has written its Code of Ethics to meet and exceed regulatory standards. To request a copy of our Code of Ethics, please contact us at (866) 726-5150 or via email at [info@riskparadigmgroup.com](mailto:info@riskparadigmgroup.com).

### **B. Personal Trading with Material Interest**

RPg allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. RPg does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advice an investment company. RPg does not have a material interest in any securities traded in Client accounts.

### C. Personal Trading in Same Securities as Clients

RPg allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities we recommend (purchase or sell) to you presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. We have also adopted written policies and procedures to detect the misuse of material, non-public information. We may have an interest or position in certain securities, which may also be recommended to you.

In addition the Code of Ethics governs Gifts and Entertainment given by and provided to the Advisor, outside employment activities of employees, Employee reporting, sanctions for violations of the Code of Ethics, and records retention requirements for various aspects of the Code of Ethics.

### D. Personal Trading at Same Time as Client

While RPg allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, these trades do not occur at the same time. RPg will place trades only after Client orders have been placed and filled.

**At no time, will RPg or any associated person of RPg, transact in any security to the detriment of any Client.**

## Item 12 – Brokerage Practices

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### A. Recommendation of Custodian[s]

RPg does not have discretionary authority to select the broker-dealer / custodian for custodial and execution services or the administrator for defined contribution accounts. The Client will select the broker-dealer or custodian (herein the "custodian") to safeguard Client assets and authorize RPg to direct trades to this custodian as agreed in the investment management agreement. Further, RPg does not have the discretionary authority to negotiate commissions on behalf of our Clients on a trade-by-trade basis.

Where RPg does not exercise discretion over the selection of the custodian, it may recommend the custodian[s] to Clients for execution and / or custodial services. Clients are not obligated to use the recommended custodian and will not incur any extra fee or cost associated with using a broker not recommended by RPg. RPg may recommend a custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and location of the custodian's offices. RPg does not receive research services, other products, or compensation as a result of recommending a particular broker that may result in the Client paying higher commissions than those obtainable through other brokers.

Following are additional details regarding the brokerage practices of the Advisor:

- 1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. **RPg does not participate in soft dollar programs sponsored or offered by any broker-dealer.**
- 2. Brokerage Referrals** - RPg does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.
- 3. Directed Brokerage** - All Clients are typically serviced on a "directed brokerage basis", where RPg will place trades within the established account[s] at the custodian designated by the Client. Further, all Client accounts are traded within their respective brokerage account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). In selecting the custodian, RPg will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated custodian.



## B. Aggregating and Allocating Trades

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. RPg will execute its transactions through an unaffiliated broker-dealer selected by the Client. RPg may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts.

## Item 13 – Review of Accounts

Review schedule for all RPg strategies 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, an Investment Advisor Representative of RPg, one of our Portfolio Managers, our Chief Compliance Officer, or any of our members or managers.

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:

- Monthly estimated performance reporting on the portfolio managed by RPg including relevant market commentary;
- Monthly third party administrator audited reporting of Client's NAV/financial statement;
- Periodic (quarterly or semi-annual) general or thematic market commentary;
- Year-End third party administrator audited reporting of Client's NAV/financial statement; and
- Required K-1, 1099, or otherwise required tax form for each calendar year of the Client's participation in an investment.
- 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 refers a Client to RPg for the purposes of designing and managing a customized solution, we would be prepared to negotiate a revenue-sharing advisor arrangement that would be paid out of our management fees, provided no conflict of interest arose as a result of that arrangement. For RPg strategies 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 RPgMutual Funds, 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**

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RPg does not accept or maintain custody of any Client accounts. All Clients must place their assets with a qualified custodian. Clients are required to select their own custodian to retain their funds and securities and direct RPg to utilize that custodian for the Client's security transactions. RPg encourages Clients to review statements provided by account custodian.

Chris Jensen is the Managing Director 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 manages. Independent third-party audited financial statements are distributed to the investors in the pools. ESF is a multi-asset class, multi-manager, multi-strategy convergence fund that invests in single manager and multi-strategy hedge funds, hedge fund of funds, mutual funds, and select direct opportunities. The predecessor GP (Iknetics Capital Partners, LLC) 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 firm's investment strategies. ESF is one of the RPg offerings.

For more information about custodians and brokerage practices, see Item 12 - Brokerage Practices.

## **Item 16 – Investment Discretion**

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RPg generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by RPg. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment management agreement containing all applicable limitations to such authority. All discretionary trades made by RPg will be in accordance with each Client's investment objectives and goals.

We manage Client portfolios on a discretionary basis based on the RPg 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. In Mutual Fund structures 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**

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RPg does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

RPg and/or the Client shall correspondingly instruct each custodian of the assets to forward copies of all proxies and shareholder communications relating to your investment assets to you. While it would not often happen, RPg will use proxy-voting services for proxy votes on securities that we hold as managers of our portfolios.

## **Item 18 – Financial Information**

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Neither RPg, nor its management has any adverse financial situations that would reasonably impair the ability of RPg to meet all obligations to its Clients. Neither RPg, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. RPg is not required to deliver a balance sheet along with this Disclosure Brochure as the firm does not collect advance fees for services to be performed six months or more in advance.