

**ITEM 1            COVER PAGE**

This Brochure contains information about the qualifications and business practices of Millbank Dartmoor Portsmouth LLC ("MDP"). If you have any questions about the contents of this Brochure, please contact:

Michael McCarty at 828-499-7222 or [mike.mccarty@mdpvol.com](mailto:mike.mccarty@mdpvol.com).

This information has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about the Adviser also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ITEM 2 MATERIAL CHANGES

10/8/2020 – initial filing

3/6/2021 – minor wording changes

10/27/2021 – Update to pricing and billing methodology in Item 5

3/10/2022 – Conformity to updated compliance procedures;

8/26/2022 – Update AUM

3/10/23 - Update AUM

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#### ITEM 4           ADVISORY BUSINESS

MDP is an investment adviser with its principal place of business in Asheville, North Carolina. The firm was created and launched in September 2020 and is registered with the SEC as an investment adviser (SEC file number: 801-119757). Dennis Davitt and Mike McCarty are the principal owners of MDP. MDP provides discretionary investment advisory services to a variety of clients including institutional clients, foundations, pensions and endowments along with high-net-worth individuals (“investor(s)” or “client(s)”). The Firm’s advice is solely for these sophisticated investors and managed through separately managed accounts (SMAs) and is described in the Investment Management Agreement (IMA) document signed with each Investor. Additionally, MDP is a sub-advisor on a 1940 Act fund under the name MDPLX. As of December 31, 2022, MDP managed client assets totaling \$308,485,062 on a discretionary basis. No assets were managed on a non-discretionary basis.

MDP has developed specific strategies that utilize various products such as index futures and options to help clients with specific investment objectives or strategies. MDP does not offer or participate in any wrap fee program.

#### ITEM 5           FEES AND COMPENSATION

MDP charges an investment management fee on its separately managed account depending on the strategy employed for the client and may be based on either (1) the original mandate as defined in the IMA, adjusted for subsequent additions or withdrawals, or (2) the month end account value. We define account value as the closing last or mid-price<sup>1</sup> for each security in the portfolio at month end, plus any cash. The range of investment management fees is between 0.25% to 0.60% per annum and is negotiated on a case-by-case basis with the investor prior to any investment activity and documented in their respective IMA.

Investment management fees are charged at the end of each quarter in arrears. Client additions or withdrawals in a strategy made at times other than the first business day of a calendar month are charged a prorated fee based on the effective date of the additions or withdrawal and the number of

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<sup>1</sup> Mid-price is the average of the bid and ask prices, as defined by Bloomberg. If there is no bid value or ask value provided, the mid-price will simply be the value provided by Bloomberg.

days remaining in the month. These fees are billed by MDP to the client directly, unless instructed otherwise by the client and documented in the IMA.

Clients are responsible for the payment of all third-party fees such as custodian fees, brokerage fees, transaction fees, etc. Those fees are separate and distinct from the fees and expenses charged by the Adviser. Please see Item 12 of this brochure regarding broker/custodian arrangements.

Client assets may be invested in ETFs or other registered investment companies. In these cases, the client will bear its pro rata share of the investment management fee and other fees of such funds, which are in addition to the investment management fee paid to MDP.

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

MDP does not currently charge any performance fee in their strategies.

#### **ITEM 7            TYPES OF CLIENTS**

MDP provides discretionary investment advisory services to client accounts of institutional clients, pensions, endowments, foundations, and high net worth individuals through separately managed accounts. The initial subscription amount minimum for the strategies is disclosed in the investment management agreement. The minimum may be waived at the discretion of MDP. Additionally, as of 2Q 2022, MDP is a sub-advisor on a 1940 Act fund under the name MDPLX.

#### **ITEM 8            METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

The investment objective of MDP is to earn significant long-term, risk-adjusted returns and mitigate volatility by using index products and index options to capture value.

In obtaining this objective, MDP seeks to generate US index-like returns with lower volatility and lower drawdown risk than passive long-only equity investments. There can be no assurances that a client will achieve its investment objective or that the strategies pursued, and methods utilized by MDP will be

successful under all or any market conditions. MDP's methods, strategies and investments involve a risk of loss to clients, and clients must be prepared to bear the loss of their entire investment.

### **Methods of Analysis, Investment Strategies and Risks Relating to Investment Strategy**

A brief explanation of the material risks associated with MDP's principal investment strategies and methods of analysis follows.

**Nature of Investments.** While it is anticipated that MDP will invest primarily in equity derivative products and equity index products, there are inherent risks in derivative products that may be affected by business, financial market or legal uncertainties. Investments in Derivatives, Equities and Index Products contain risk and can involve significant risk of loss that clients must understand.

There can be no assurance that MDP will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of MDP's activities and the value of its investments. In addition, the value of portfolios may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that MDP's investment objectives will be achieved.

**Hedging and Other Risk Management Techniques.** MDP utilizes a variety of financial instruments, including but not limited to derivatives, options, ETFs and futures and forward contracts, for investment objective and risk management purposes. There can be no assurances that a particular hedge or risk management technique is appropriate or that a risk is measured properly. Further, while MDP may seek to reduce risk on behalf of a client, hedging and other risk management techniques may result in poorer overall performance and increased (rather than reduced) risk for a client's investment portfolio than if MDP did not engage in any such technique.

**Risk Control.** No risk control system is fail-safe, and no assurance can be given that any risk control framework employed by MDP will achieve its objective.

**Lack of Diversification.** A client account is expected to be concentrated primarily in long and short index and index volatility products that may not be as diversified as other investment vehicles.

Accordingly, a client's portfolio may be subject to more rapid change in value than would be the case if a client were required to maintain a wide diversification.

**Leverage.** Leverage is the use of borrowed funds for investment. The use of leverage is inherent in any derivative product and leverage can substantially improve the return on invested capital but may also increase the adverse impact to which the client's portfolio may be subject. MDP's use of leverage for client accounts can result in more volatile performance. The use of leverage may result in (1) greater losses from investments than would otherwise have been the case had the client not borrowed funds to make the investment; (2) margin, collateral calls or interim margin requirements that may force premature liquidations of investment positions, and (3) losses on investments when the investment fails to earn a return that equals or exceeds the cost of borrowing.

**Counterparty Risk.** MDP currently only uses products that are exchange-traded and centrally cleared, meaning products that generally are supported by guarantees of clearing organizations, who impose daily mark-to-market valuations on their product set while also imposing minimum capital requirements applicable to intermediaries.

**Brokerage and Custody Risk.** There are risks involved in dealing with the custodians and brokers who settle trades for client accounts. Although MDP monitors the executing brokers and custodians, there is no guarantee that the executing broker or any other custodians that may be used from time to time will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, it is likely that losses would be incurred due to assets being unavailable for a period of time, the ultimate receipt of less than full recovery of the assets, the ultimate receipt of different assets, or some combination of all factors listed.

**Lack of Liquidity of Interests.** While MDP expects the vast majority of portfolios to be liquid, assets may, at any given time, include securities and other financial instruments or obligations that may suffer from bouts of illiquidity which may have an adverse effect upon prices.

**Reliance on Key Personnel.** MDP relies heavily on the services of Dennis Davitt and Mike McCarty, who are responsible for all the major decisions affecting clients and the firm. If Messrs. Davitt and/or McCarty discontinue managing the affairs of, or withdraw from, MDP or should both be incapacitated



or, for some other reason, be unable to effectively manage the affairs of MDP, the business and results of the operations of the clients may be adversely affected.

#### **Risks Associated with Types of Securities that are Primarily Recommended (Including Significant, or Unusual Risks)**

**Futures Contracts.** The use of futures is a specialized activity that involves investment strategies and risks different from those associated with ordinary portfolio securities transactions, and there can be no guarantee that their use will increase a client's return or not cause a client to sustain large losses. While the use of these instruments may reduce certain risks associated with portfolio positions, these techniques themselves entail certain other risks. Clients could experience losses if the values of its futures positions were poorly correlated with its other investments, or if it could not close out its positions because of an illiquid market. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold, and clients may be required to maintain a position until exercise or expiration, which could result in losses.

**Trading in Options.** MDP engages in various types of options transactions on behalf of client accounts. The purchase or sale of an option involves the payment or receipt of a premium by the client and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involve the risk that the underlying instrument will not change price in the manner expected, so that the client loses its premium. Selling options, on the other hand, involves potentially greater risk because the client is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss).

**Exchange Traded Funds.** Client assets may be invested in exchange traded funds ("ETFs"). As Registered Investment Companies, ETFs are effectively portfolios of securities and MDP believes that the unsystematic risk associated with investments in broad-based market ETFs (typically defined as ETFs with 20 or more securities) is generally low relative to investments in ordinary securities of individual issuers.

**Emerging Markets and Non-U.S. Securities.** Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. These factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

#### **ITEM 9            DISCIPLINARY INFORMATION**

This Item is not applicable.

#### **ITEM 10           OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

This item is not applicable.

#### **ITEM 11           CODE OF ETHICS, INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

MDP has adopted a Code of Ethics (the “Code”), which sets forth the ethical and fiduciary principles and related compliance requirements under which MDP operates and the procedures for implementing those principles. The Code obligates MDP and its related persons to put the interests of MDP’s clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All MDP personnel are also required to comply with applicable federal securities laws.

Clients or prospective clients may obtain a copy of the Code by contacting Mike McCarty, MDP’s Chief Compliance Officer, by email at [mike.mccarty@mdpvola.com](mailto:mike.mccarty@mdpvola.com), or by telephone at (828) 449-7222.

MDP, in the course of its investment management and other activities, does not anticipate possession of confidential or material nonpublic information. As the firm’s strategies are focused on liquid broad market index futures and options, we do not see this conflict presenting itself.

Regardless, MDP's partners, employees or related persons are not permitted to invest in any product that is recommended to clients at any time as per our Compliance Manual and Code of Ethics. The Code requires related persons to submit quarterly transaction reports (or brokerage statements) that detail the individual's securities transactions for the quarter to the Chief Compliance Officer, and for the Chief Compliance Officer to review those reports and compare such reports to transactions for the client accounts. In addition, related persons must submit an annual report (or brokerage statements) and certification stating that the individual will comply with the Code. The Chief Compliance Officer will report on issues that arise under the Code to MDP's cofounder as necessary.

## **ITEM 12           BROKERAGE PRACTICES**

MDP considers several factors in selecting a broker-dealer to execute transactions and determining the reasonableness of the broker-dealer's compensation. Such factors include, but are not limited to, net price, the financial stability and reputation of the broker-dealer, and the research, brokerage or other services provided by such broker-dealer. In selecting a broker-dealer to execute transactions and determining the reasonableness of the broker-dealer's compensation, MDP need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

It is not MDP's practice to negotiate "execution only" commission rates. Thus, a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. MDP's Chief Compliance Officer and Chief Investment Officer will meet periodically to evaluate the broker-dealers used by MDP to execute client trades using the foregoing factors.

MDP may receive research or other products or services other than execution from a broker-dealer in connection with client securities transactions. Currently, MDP does not have any soft dollar arrangements.

## **ITEM 13           REVIEW OF ACCOUNTS**

Each client account is reviewed by MDP's Chief Investment Officer on an ongoing basis to determine whether securities positions should be maintained based on current market conditions. Matters

reviewed include specific securities held, adherence to investment guidelines, gross and net risk outstanding and the performance of each client account.

#### **ITEM 14          CLIENT REFERRALS AND OTHER COMPENSATION**

This item is not applicable.

#### **ITEM 15          CUSTODY**

MDP does not have any custodian obligations and does not anticipate providing those services in the future. Due to the nature of SMA's, the advisor does not hold any of the clients in custody, rather directs trades to be delivered to the clients' choice of Custodian. Clients will receive various reports from their respective custodian and should diligently review those reports.

#### **ITEM 16          INVESTMENT DISCRETION**

MDP provides investment advisory services to clients on a discretionary basis. Prior to assuming discretion over a client's assets, MDP will enter an IMA or other governing document(s) that sets forth the scope of MDP's discretion. MDP has the authority to determine the securities and the amount of the securities to be purchased and sold for client accounts based on the IMA signed with each client.

#### **ITEM 17          VOTING CLIENT SECURITIES**

To the extent MDP has been delegated proxy voting authority on behalf of its clients, MDP complies with its proxy voting policies and procedures that are designed to ensure that in cases where MDP votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. In fulfilling its obligations to advisory clients, MDP seeks to act in a manner that will enhance the economic value of the underlying securities held by each advisory client. As clients will receive proxies and other solicitations from their Custodian, clients should contact MDP to instruct how to proceed with their wishes for voting.

Clients may obtain a copy of MDP proxy voting policies and procedures and information about how MDP voted a client's proxies by contacting Mike McCarty, MDP's Chief Compliance Officer, by e-mail at [mike.mccarty@mdpvol.com](mailto:mike.mccarty@mdpvol.com) or by telephone at (828) 499-7222.

**ITEM 18          FINANCIAL INFORMATION**

No items to disclose.