

What if ...

TRADITIONAL ASSET ALLOCATION

is no longer working?

Other strategies may offer protection

FOR YOUR PORTFOLIO?

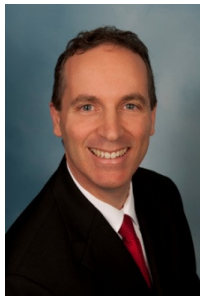
Your current approach to risk management

IS SIMPLY NOT ADEQUATE?

The Portfolio Managers



Larry Kriesmer



Bernard Surovsky

Larry Kriesmer began his financial career in 1986 and holds the designation of Chartered Financial Consultant.

Bernard Surovsky began his financial career in 1996 and holds the designation of Certified Funds Specialist.

In the aftermath of 2001-2002 Larry and Bernard agreed that there had to be a better way to manage money than Modern Portfolio Theory alone. It was then that they began their arduous research into discovering how to protect their clients' investments while allowing for unlimited growth. Their conclusion was that Options are the missing component to Modern Portfolio Theory.

In 2004 they joined forces to develop and test their strategies. Three years later, in early 2007 with years of experience and research to support them, they launched the investment strategy now known as ***Measured Risk Portfolios***.

Business

- Measured Risk Portfolios (MRP) was founded in 2007
- The Founders and Principals of MRP have combined professional investment experience of 34 years
- MRP is a d/b/a of Kingsroad Financial Insurance Services, Inc., a CA Registered Investment Advisor

Investment Strategy

- MRP is a tactical strategy using Long/Short hedging techniques on an underlying portfolio of diversified Exchanged Traded Funds. In addition, MRP may use fixed income investments and no-load or load-waived mutual funds as well as options to initiate synthetic positions
- MRP uses Options to hedge the portfolio to attempt to limit the severity of losses
- MRP seeks to stay fully invested at all times and does not engage in tactical timing strategies

Why Hedge With Options?

- Hedging can benefit portfolios by limiting severe losses and allowing for unlimited gains
- Options are liquid, transparent and may reduce risk and enhance returns at the same time
- Options are powerful and mathematically predictable

The Effects of Correlation on Diversification

Historically, Diversification Alone Does Not Protect a Portfolio In a Crisis



Options Are Predictable and Can be Used to Protect From Correlation and Losses

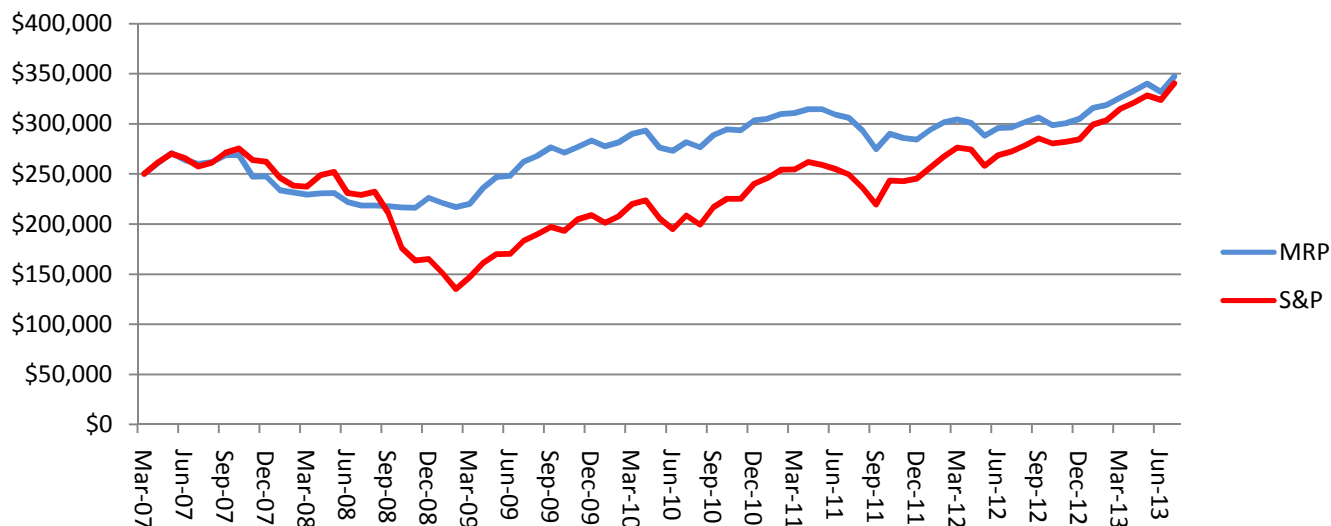
Managing Volatility and Losses With Options

- Volatile and deteriorating markets can have a catastrophic effect on investors if the risk is not managed
- Worst case scenario: investors may liquidate assets at depressed levels to meet foreseen or unforeseen obligations or simply due to capitulation
- Using Options in a systematic, disciplined way can manage the risk-return profile of investment portfolios
- Using Options can help protect when you can't predict

You don't need to worry about what you can't control; the market will do what the market will do.

Rather than believing the market can be predicted, we focus on making sure that we are prepared for and protected from whatever the market does.

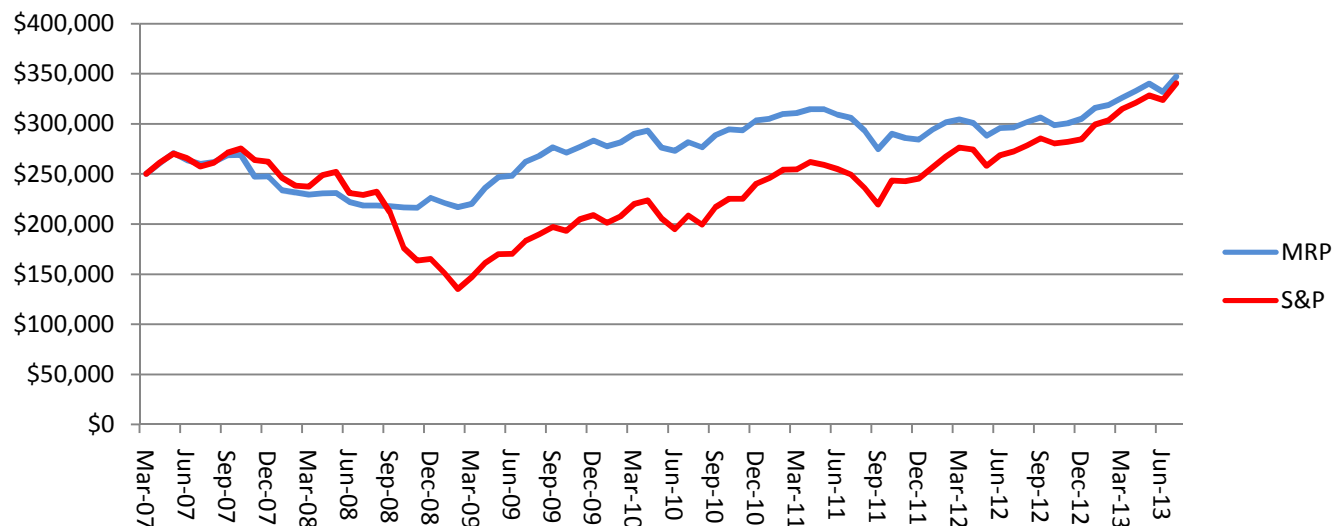
Options May Smooth Out Market Volatility



Performance from inception through 7/31/2013 net of 2% management fee

Monthly Performance (Net of Fees*)														
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Year</u>	<u>S&P 500</u>
2013	3.55%	0.95%	2.25%	2.09%	2.19%	-2.44%	4.62%						13.81%	19.63%
2012	0.00%	2.42%	1.01%	-1.14%	-4.25%	2.67%	0.14%	1.88%	1.47%	-2.56%	0.71%	1.44%	7.32%	16.00%
2011	0.52%	1.63%	0.27%	1.28%	-0.05%	-1.74%	-0.96%	-4.22%	-6.22%	5.50%	-1.42%	-0.60%	-6.31%	2.11%
2010	-2.06%	1.42%	3.02%	1.13%	-5.84%	-1.14%	3.21%	-1.80%	4.34%	2.01%	-0.35%	3.34%	7.01%	15.06%
2009	-2.27%	-1.80%	1.48%	7.22%	4.58%	0.51%	5.68%	2.16%	3.14%	-1.93%	2.09%	2.37%	25.27%	26.46%
2008	-5.46%	-1.04%	-0.92%	0.50%	0.15%	-3.74%	-1.57%	-0.13%	-0.18%	-0.69%	-0.09%	4.56%	-8.58%	-37.00%
2007				4.27%	3.86%	-2.53%	-1.50%	0.80%	2.51%	0.17%	-8.12%	0.10%	-1.02%	4.82%

Options May Smooth Out Market Volatility



Performance from inception through 7/31/2013 net of 2% management fee

Statistical Data				Performance Summary		
Inception		3 Year	5 Year		MRP	S&P 500
Beta:	0.45	0.64	0.40	Cumulative Return From Inception:	38.81%	36.17%
Alpha:	2.85%	-3.66%	5.95%	Annualized Return From Inception:	5.31%	4.99%
R Squared:	61.10	89.77	62.40	Annualized Return Last 3 Years:	7.19%	17.74%
				Annualized Return Last 5 Years:	9.67%	8.26%
				Best Month:	7.22%	10.93%
				Worst Month:	-8.12%	-16.79%

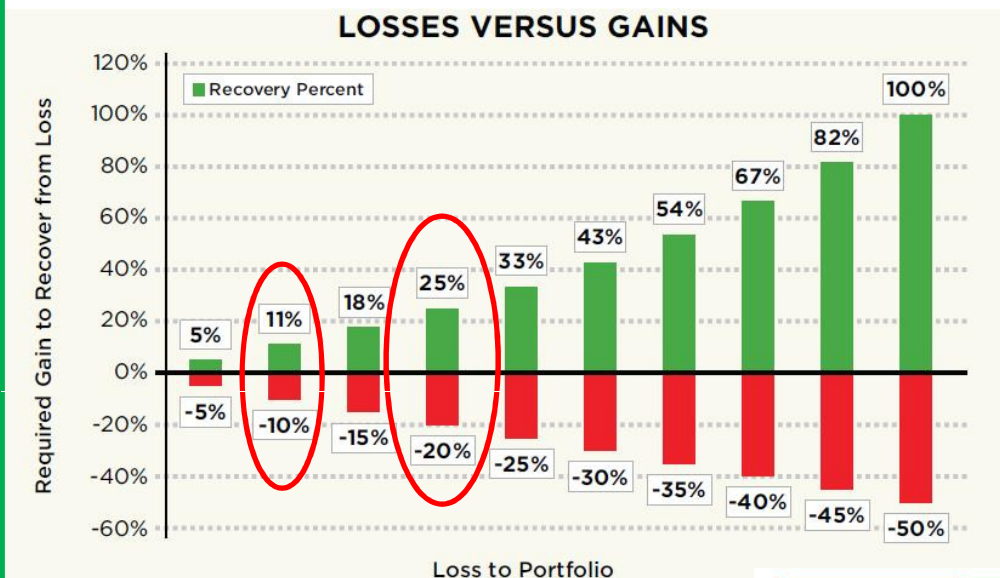
* Please see last page for important disclosures *

The Relationship Between Losses, Regret and Recovery

- Losses can be more powerful than gains and hedging can protect against severe losses
 - Hedging with Options can be likened to an “Insurance” approach to protect wealth
 - We insure every valuable asset in our life and we can insure our investments too
- The statistical probability of recovering significant losses in a reasonable time period is not in our favor
 - You may eventually get your money back, but you can never get back lost time
 - Hedging with Options may protect you from losing that time

**“I don’t expect my advisor to *make* me wealthy. I’m *already* wealthy.
I expect my advisor to *keep* me that way.”**

The Power of Losses vs. Gains



- It only takes an **11% gain** to recover from a **10% loss**.
- **However**, it takes a **25% gain** to recover from a **20% loss**. And it gets exponentially worse as losses increase.

*While you **may** be able to recover the financial losses, you can **never** get back the time.*

- The statistical probability of an 11% gain in one year is **52.5%**.
- **However**, the probability of a 25% gain in one year is only **25%** and in 2 years is still **less than 52%**.

Portfolio loss	Needed cumulative gain to restore loss	Percentage chance* of recovery from loss within...					
		1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
-10%	11.1%	52.5%	74.4%	81.6%	78.4%	77.8%	93.5%
-20%	25%	25.0%	48.7%	68.4%	67.6%	72.2%	93.5%
-35%	54%	0.0%	17.9%	34.2%	56.8%	61.1%	93.5%
-50%	100%	0.0%	0.0%	7.9%	13.5%	36.1%	80.6%
-65%	186%	0.0%	0.0%	0.0%	2.7%	5.6%	61.3%

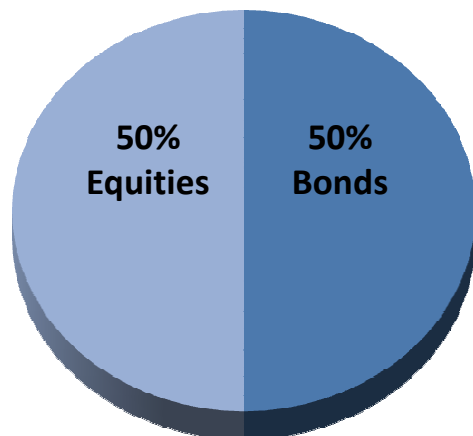
*Probabilities calculated from historical returns of the S&P Index over the past 40 years
Source: Craig Israelsen, Ph.D.

The Power of Options

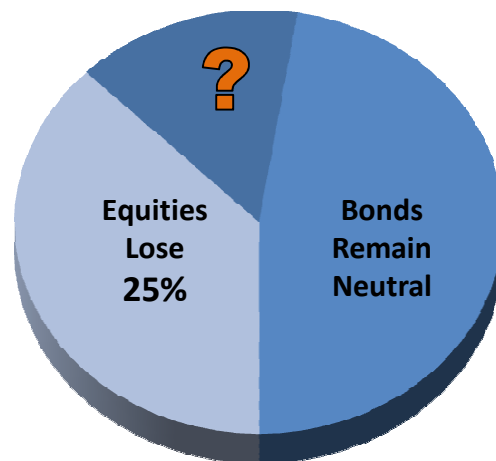
Leverage: A little can go a long way. A 5% allocation to Options can protect a diversified portfolio against severe losses.

Growth - Returns of 250% and more are possible with Options

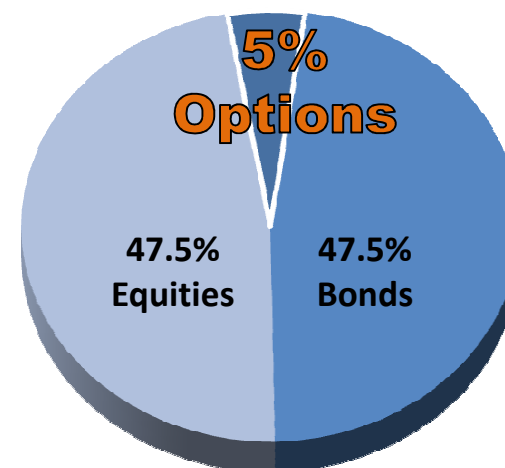
Start With a Traditional
Diversified Portfolio



If Equities Lose 25% and Bonds Remain
Neutral, *Something* Has to Provide a **250%**
Return Just to Break Even



Allocating Just 5% to Options
Can Provide that 250% Return



Note: We do not engage in uncovered “naked” Options trading

The Mathematics of Using Options to Deliver the 250% Return Needed to Recover From a 25% Loss

ASSUMPTIONS: Index Value of **1000**. Typical Cost of a 1-yr At-the-Money Put is **7%**

Cost of Put on an Index of 1000

Intrinsic Value of Put

\$ Gain

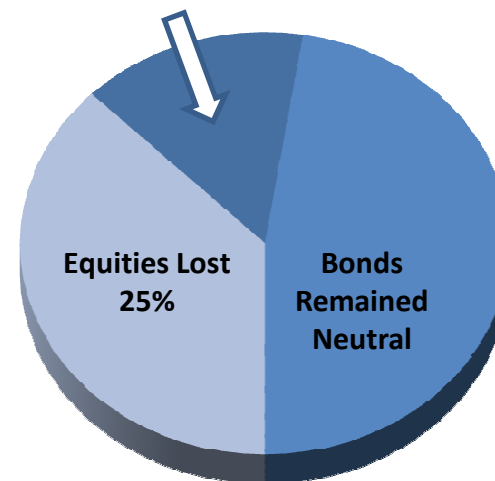
% Gain

- \$70
\$250
\$180
257%

The Put Options Delivered the 250% Return

Results:

- Buying the Put avoided the 25% loss on the diversified portfolio
- The larger the losses, the more valuable the Put becomes and continues to offset losses



Note that smaller losses may not overcome the Put premium and may contribute to additional losses in moderate markets.

Options Can Protect Against Smaller Losses As Well

ASSUMPTIONS: Index Value of **1000**. Typical Cost of a 1-yr At-the-Money Put is **7%**

	10% Loss	15% Loss	20% Loss
Cost of Put on an Index of 1000	-\$70	-\$70	-\$70
Intrinsic Value of Put at expiration	\$100	\$150	\$200
\$ Gain	\$30	\$80	\$130
% Gain	43%	114%	186%
Net Loss	<7%>	<7%>	<7%>

If you're concerned about protecting against a loss of 10% or more, Options can provide the protection for those losses

Note that smaller losses may not overcome the Put premium and may contribute to additional losses in moderate negative markets.

“Buy & Hedge”

A Cure for the Common Hold

We Don't Predict - We Plan

In the near term the market may go up, trade sideways or fall. We plan and are prepared for the unknown outcome.

We Believe Options Are The Missing Component To Diversification

Option hedging strategies provide the confidence to stay fully invested in the market by limiting losses and allowing for unlimited gains.

While There Is Inherent Risk In Investing, the Degree of Risk Can Be Mitigated or “Measured” By Using Certain Hedging Techniques to Limit the Severity of Losses.

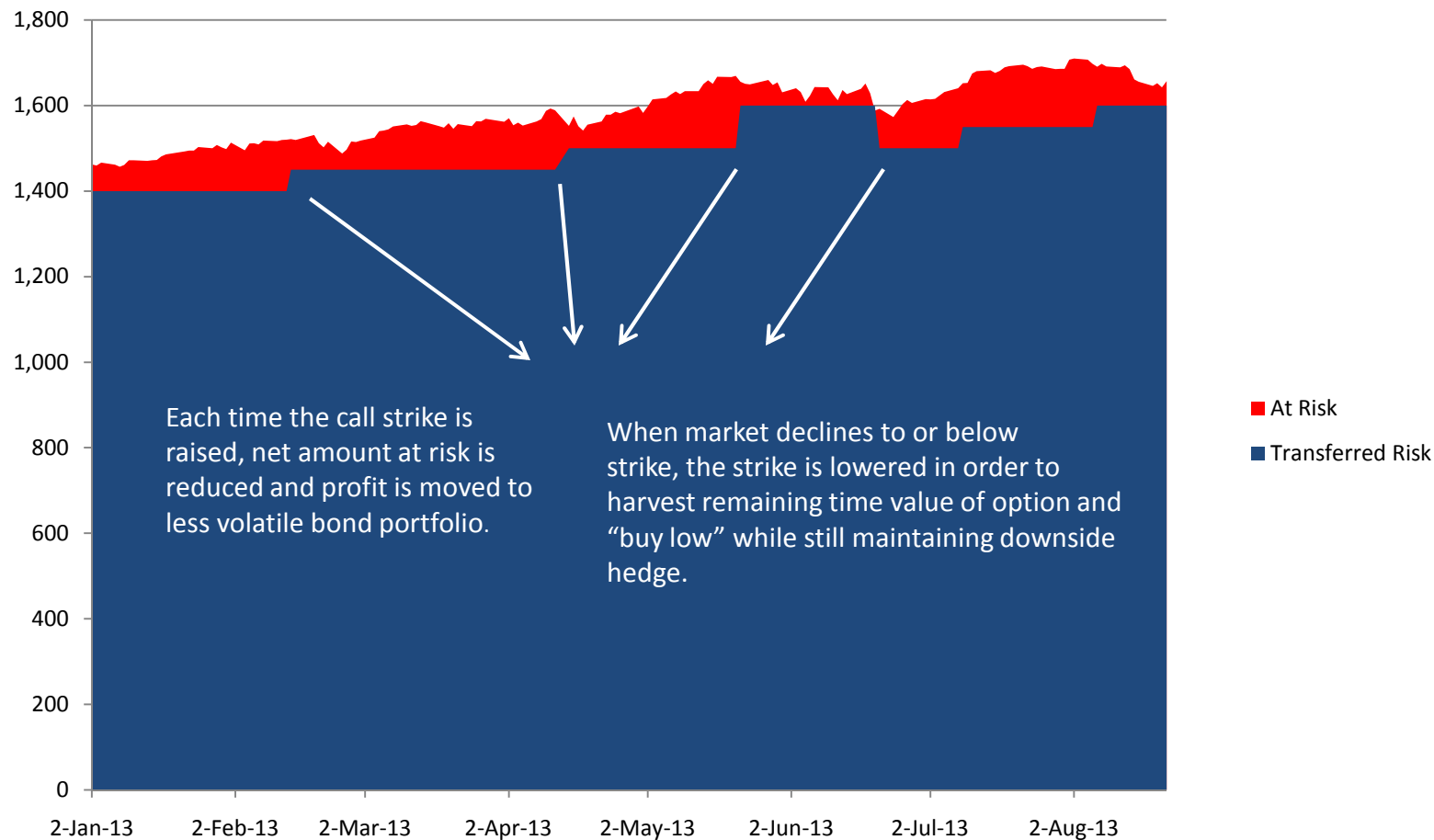
These Hedging Techniques Can Be Likened to an “Insurance” Approach for Protecting Investor Wealth While Offering Unlimited Growth Potential

Current Portfolio Analysis
Representative account > \$1M as of 2013-08-23

\$1,073,500

Positions History Separate Positions/History Legacy View Hide All Track your cost basis 												
<div> <div> <div>Stocks = \$132,851.39</div> <div>%MV=12.30</div> <div>View: ETF Custom</div> <div>Create/Edit Views</div> </div> </div>												
<input type="checkbox"/> Symbol ▲	Qty	Last	Change	Change %	Day Gain(\$)	Purchase Price	Dividend Yield	Gain(\$)	Gain(%)	Mkt Val	% Mkt Val	
<input type="checkbox"/> HYG	529	91.28	0.35	0.38	185.15	92.7387	6.45	-771.65	-0.02	48,287.12	4.47	
<input type="checkbox"/> SJB	2727	31.01	-0.08	-0.26	-218.16	31.758553	0	-2,041.30	-0.02	84,564.27	7.83	
<div> <div> <div>Options = \$61,699.00</div> <div>%MV=5.71</div> <div>View: Option Custom</div> <div>Create/Edit Views</div> </div> </div>												
<input type="checkbox"/> Symbol ▲	Qty	Mkt Val	Purchase Price	Day Gain(\$)	Gain(\$)	Gain(%)	Bid	Ask	Time Value	Volume		
<input type="checkbox"/> SPY Sep 21 2013 172 Call	79	2,212.00	0.24	-158.00	316.00	0.17	0.28	0.29	0.28	14,232		
<input type="checkbox"/> SPY Sep 21 2013 173 Call	-79	-1,501.00	0.14	-0.00	-395.00	-0.36	0.18	0.19	0.19	5,533		
<input type="checkbox"/> SPY Sep 21 2013 154 Put	-79	-2,607.00	0.53	553.00	1,580.00	0.38	0.32	0.33	0.33	1,286		
<input type="checkbox"/> SPY Sep 21 2013 155 Put	79	3,002.00	0.63	-790.00	-1,975.00	-0.40	0.38	0.39	0.38	1,160		
<input type="checkbox"/> SPY Oct 19 2013 160 Call	79	60,593.00	10.773924	1,659.00	-24,521.00	-0.29	7.67	7.7	1.19	81		
<div> <div> <div>Mutual Funds = \$666,373.80</div> <div>%MV=61.72</div> <div>View: Mutual Fund View</div> <div>Create/Edit Views</div> </div> </div>												
<input type="checkbox"/> Symbol	Description	Qty	Mkt Val	Purchase Price	Last	Gain(%)	Gain(\$)	% Mkt Val				
<input type="checkbox"/> PSDTX	PUTNAM FUNDS SHORT DURATION INCOME A	12891.335	129,300.09	0.00	10.03	0.00	0.00	11.98				
<input type="checkbox"/> JYIAX	HANCOCK JOHN CORE HIGH YIELD A	5430.622	58,542.11	10.88	10.78	-0.01	-543.06	5.42				
<input type="checkbox"/> LALDX	LORD ABBETT SHORT DURATION INCM A	77932.569	353,813.86	0.00	4.54	0.00	0.00	32.77				
<input type="checkbox"/> PSDTX	PUTNAM FUNDS SHORT DURATION INCOME A	6744.814	67,650.48	10.03	10.03	-0.00	-0.00	6.27				
<input type="checkbox"/> LALDX	LORD ABBETT SHORT DURATION INCM A	12569.88	57,067.26	4.57	4.54	-0.01	-377.09	5.29				
<div> <div> <div>Money Market Assets = \$218,761.88</div> <div>%MV=20.26</div> </div> </div>												
Description ▲										Mkt Val		
FDIC INSURED DEPOSIT ACCOUNT IDA12 NOT COVERED BY SIPC										218,761.88		

Year to Date Summary of Call Strike Adjustments Relative to S&P 500



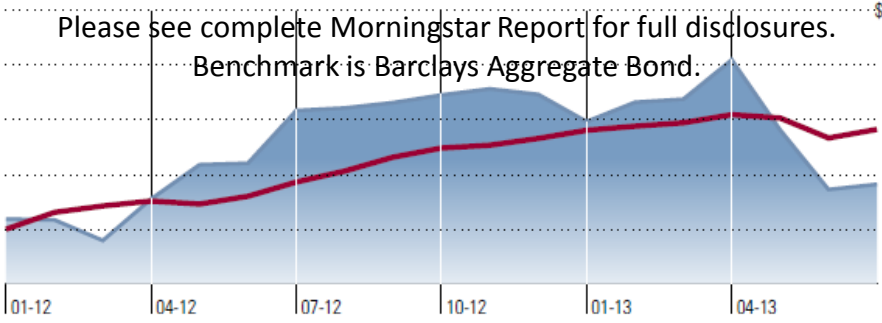
Current Portfolio Analysis
Representative account > \$1M as of 2013-08-23

\$1,073,500

Positions History Separate Positions/History Legacy View Hide All Track your cost basis												
[-] Stocks = \$132,851.39		%MV=12.30		View: ETF Custom		Create/Edit Views						
<input type="checkbox"/> Symbol	Qty	Last	Change	Change %	Day Gain(\$)	Purchase Price	Dividend Yield	Gain(\$)	Gain(%)	Mkt Val	% Mkt Val	
<input type="checkbox"/> HYG	529	91.28	0.35	0.38	185.15	92.7387	6.45	-771.65	-0.02	48,287.12	4.47	
<input type="checkbox"/> SJB	2727	31.01	-0.08	-0.26	-218.16	31.758553	0	-2,041.30	-0.02	84,564.27	7.83	
[-] Options = \$61,699.00		%MV=5.71		View: Option Custom		Create/Edit Views						
<input type="checkbox"/> Symbol	Qty	Mkt Val	Purchase Price	Volume								
<input type="checkbox"/> SPY Sep 21 2013 172 Call	79	2,212.00		14,232								
<input type="checkbox"/> SPY Sep 21 2013 173 Call	-79	-1,501.00		5,533								
<input type="checkbox"/> SPY Sep 21 2013 154 Put	-79	-2,607.00		1,286								
<input type="checkbox"/> SPY Sep 21 2013 155 Put	79	3,002.00		1,160								
<input type="checkbox"/> SPY Oct 19 2013 160 Call	79	60,593.00	10.7	81								
[-] Mutual Funds = \$666,373.80		%MV=61.72		View: Mutual								
<input type="checkbox"/> Symbol	Description	Qty	Mkt Val	Purchase Price	Last	Gain(%)	Gain(\$)	% Mkt Val				
<input type="checkbox"/> PSDTX	PUTNAM FUNDS SHORT DURATION INCOME A	12891.335	129,300.09	0.00	10.03	0.00	0.00	11.98				
<input type="checkbox"/> JYIAX	HANCOCK JOHN CORE HIGH YIELD A	5430.622	58,542.11	10.88	10.78	-0.01	-543.06	5.42				
<input type="checkbox"/> LALDX	LORD ABBETT SHORT DURATION INCM A	77932.569	353,813.86	0.00	4.54	0.00	0.00	32.77				
<input type="checkbox"/> PSDTX	PUTNAM FUNDS SHORT DURATION INCOME A	6744.814	67,650.48	10.03	10.03	-0.00	-0.00	6.27				
<input type="checkbox"/> LALDX	LORD ABBETT SHORT DURATION INCM A	12569.88	57,067.26	4.57	4.54	-0.01	-377.09	5.29				
[-] Money Market Assets = \$218,761.88		%MV=20.26										
Description		Mkt Val										
FDIC INSURED DEPOSIT ACCOUNT IDA12 NOT COVERED BY SIPC												
											218,761.88	

Fixed Income Component is made up of High Yield ETF, Single Inverse High Yield ETF, High Yield and Short Duration Mutual Funds and Money Market.

Hypothetical Analysis – MRP Fixed Income Component January 1, 2012 to July 31, 2013 Source: Morningstar

Investment Detail			Performance 07-31-2013							
Period		Beginning Balance	Investment Activity Graph — Portfolio — Benchmark						Final Mkt Val: \$1,052,355	
Totals		0							Market Value	Total Return %
January	2012	0							1,052,355	2.06
February	2012	1,025,118							1,025,118	0.60
March	2012	1,029,716							1,029,716	0.45
April	2012	1,031,478							1,031,478	0.17
May	2012	1,032,820							1,032,820	0.13
June	2012	1,031,982							1,031,982	-0.08
July	2012	1,034,113							1,034,113	0.21
August	2012	1,037,991							1,037,991	0.38
September	2012	1,040,990							1,040,990	0.29
October	2012	1,044,784							1,044,784	0.36
November	2012	1,047,269							1,047,269	0.24
December	2012	1,048,048							1,048,048	0.07
January	2013	1,049,892							1,049,892	0.18
February	2013	1,052,117							1,052,117	0.21
March	2013	1,053,232							1,053,232	0.11
April	2013	1,054,168							1,054,168	0.09
May	2013	1,056,393							1,056,393	0.21
June	2013	1,055,470							1,055,470	-0.09
July	2013	1,050,008							1,050,008	-0.52
									1,052,355	0.22

Trailing Returns		3 Mo	1 Yr	3 Yr	5 Yr	10 Yr		
Portfolio Return		-0.38	1.38	—	—	—		
Benchmark Return		-3.17	-1.91	—	—	—		
+/– Benchmark Return		2.79	3.29	—	—	—		

Best/Worst Time Periods		Best %	Worst %		
3 Months	1.03 (Jul 2012-Sep 2012)	-0.39 (Apr 2013-Jun 2013)			
1 Year	2.63 (Feb 2012-Jan 2013)	1.38 (Aug 2012-Jul 2013)			
3 Years	—	—			

Portfolio Yield (07-31-2013)		Yield %		
12-Month Yield		2.34		

Implied Hypothetical Scenario Results

(Source: Hidden Levers. Please see complete report for important disclosures)

Scenario Impact Summary

Scenario:	MRP IFG Return:	S+P 500 Return:
End of QE: Bond Exodus What if the Fed decides to taper its QE programs in 2013, resulting in a 1994-style bond exodus and crash?	-5.4%	-2.7%
Fed Stress Test: Adverse Scenario What if the economy falls into a recession with a severity like that modeled by the Federal Reserve's official supervisory adverse scenario?	-8.1%	-26.6%
Recovery Rally Continues What if the market continues to rally based on economic recovery expectations?	22.1%	18.2%
Euro Zone: Collapse + Currency Run What if the deep financial woes in Cyprus begin domino effect across the PIIGS countries (Portugal, Ireland, Italy, Greece, Spain), leading to multiple defaults and a run on the Euro currency?	-8.0%	-26.1%
Return Of Global Growth What if global economic growth resumes, particularly in emerging markets?	22.3%	18.2%
Past Crashes: Financial Crisis: Sep 2008 - Mar 2009 This scenario covers the most extreme portion of the global financial crisis, from the collapse of Lehman Brothers in September 2008 until the market lows of March 2009.	-10.6%	-53.3%
Rising Interest Rates: Driven By Growth What if interest rates rise back to historical levels or above, with 10-year treasury rates at 5%, as a result of renewed growth in the US economy?	6.6%	6.9%

Summary:

Questions?

IMPORTANT DISCLOSURES:

Kingsroad Financial Insurance Services, Inc. (KFIS) is a California Registered Investment Advisor and Program Manager (PM) of Measured Risk Portfolios. Information regarding this investment program including investment management fees, as well as important information regarding KFIS, its services, compensation, and conflicts of interest is contained in its Form ADV, Part II or substitute disclosure document, available from KFIS upon request.

Strategies related to MRP: KFIS employs various strategies to achieve the objective of limiting losses. The primary tool to achieve this objective is the use of options. Options involve risk and are not suitable for all investors. Prior to buying or selling an option, a person must receive a copy of Characteristics and Risks of Standardized Options. Copies of this document may be obtained from KFIS, from any exchange on which options are traded or by contacting The Options Clearing Corporation, One North Wacker Dr., Suite 500, Chicago, IL 60606 (1-888-678-4667). The program is not limited to any asset class and the PM retains discretionary trading authority on all accounts. In no event will the PM engage in “naked” option trading, which is the most speculative form of trading.

Custody of Client Accounts: All accounts are currently held at TD Ameritrade and Charles Schwab. KFIS does not maintain custody of client accounts and is only authorized to place trades and bill for management fees.

Performance Beginning January 1, 2008: Performance reflects the composite returns of representative accounts managed by KFIS, edited for deposits and withdrawals during the time period. KFIS utilized various hedging strategies during the reporting period due to market conditions. Returns reflect the reinvestment of dividends and other earnings, and are net of all transaction fees, custodial fees, and KFIS's maximum annual investment management fee of 2.00%. Fees are currently billed in advance. During a portion of the reporting period fees were billed in arrears.

Other Fees and Expenses; Impact of Taxes: The investment management fee paid to KFIS is separate and distinct from the internal fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus, and will generally include a management fee, internal investment, custodial, and other expenses, and a possible distribution fee. Prospective clients should consider all of these fees and charges when deciding whether to invest in the program. Performance results for this program do not reflect the impact of taxes. Program accounts may engage in a significant amount of trading. Gains or losses will generally be short-term in nature; consequently, this program may not be suitable for clients seeking tax efficiency.

Comparisons to Indices: The S&P 500 Composite Index (the “S&P 500 Index”) is a market capitalization-weighted index of 500 widely held stocks often used as a proxy for the broader stock market, and includes the common stocks of industrial, financial, utility, and transportation companies. The historical performance results of the S&P 500 Index do not reflect the deduction of transaction or custodial charges, nor the deduction of an investment management fee, which would decrease historical performance results. Investors cannot invest directly in the S&P 500 Index. Although accounts participating in this program will be invested, in part, in securities which are consistent with securities in this index, participating accounts will also be invested in other securities which are not part of this index. Investments in these other securities and differences in allocation to cash of accounts participating in this program will cause the performance of client accounts to differ materially from the performance of this index and the presented performance. Performance of the S&P 500 Index is provided solely for comparison purposes and does not imply that the program seeks to match or outperform the index over time.

Other Considerations: The PM reserves the right to accept smaller accounts. Because accounts are managed separately, smaller accounts may not be able to benefit from all option strategies. This may result in inferior performance during market declines and superior performance in up markets.

For More Information Please Call (858) 935-1125 or Visit www.mrpfolios.com