Introducing

Measured Risk Strategy Fund

Measured Risk Strategy Fund (MRPAX/MRPIX) invests tactically in options linked inversely to stock market volatility while the majority of the Fund remains invested in short-term fixed income securities or cash.

The Fund seeks total return from capital appreciation and income.

The Fund invests up to 20% in options on volatility-linked ETPs to capitalize on flat or declining levels of volatility, while the balance (80% or more) is invested in short-term fixed income (i.e. Treasury Bills) seeking to limit maximum overnight drawdown risk versus volatility ETPs.

Tactical exposure to short volatility, via options, attempts to limit the risk of severe single-day price declines in rising periods of volatility. The majority of the risk is in options exposure which can suffer total loss in a short period of time.

Here's how it works

Read more below

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Short Volatility as an Asset Class

What if there were an asset class whose returns significantly outperformed the S&P 500 in three of the six years since its inception……but significantly underperformed the S&P 500 in the other years?

Since its inception in July 2012, the Short Volatility Index significantly outperformed the S&P 500 Index in its first partial year 2012, 2013, 2016 and 2017; and underperformed in 2014, 2015 and 2018.

Returns source: Standard & Poors Indices
Returns ending December 31, 2018.
Past performance is not indicative of future results.
There is no guarantee that any asset class will continue to perform similarly in the future. The referenced indices are shown for general market comparisons and are not meant to represent the Fund.
Investors cannot directly invest in an index; unmanaged index returns do not reflect any fees, expenses or sales charges.

Next

Investors use different assets classes in their portfolios for diversification purposes.

Consider, for example, that in 2008 the MSCI Emerging Markets asset class lost 53.33% of its value.

Why do investors continue to invest in such a high-risk asset class?

Now consider that in 2009, the very next year, MSCI Emerging Markets delivered a 78% return.

Similarly, the Short Volatility Index has been either the highest-performing or the lowest-performing asset class in each of the past six calendar years since its inception in July 2012, as shown in the table below.

The Short Volatility Index is inversely correlated with VIX.

Learn more about the VIX and volatility

Sources: Callan, Bloomberg as of 12/31/18
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Next

Returns of the Short Volatility Index fluctuate significantly.

The chart below, for example, shows that on February 5, 2018 the Short Volatility Index suffered a loss of 96%. Since its inception in July 2012, the Short Volatility Index had returned a cumulative return of 1068% and an annualized return of 57.4%, growing $10,000 to $116,000, at the end of 2017.

After an extreme spike in volatility on February 5, 2018, the Index dropped to deliver a cumulative return of -56% and an annualized return of -13.2%, a single-day loss of 96% and ending balance of just $4342.

Source: Bloomberg, as of 12/31/18
**SPVXSPIT inception*
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Next

There is a way to potentially participate in the upside movement of the index while limiting catastrophic losses.

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The Fund seeks to outperform equity markets over the long term by purchasing options linked inversely to volatility.

During volatility spikes, these options may lose up to 100% of their value. Yet by limiting this "high-risk component" to a small percentage of the portfolio, the Fund seeks to avoid catastrophic losses, especially over short periods of time. The underlying movement of the Index offers the potential for gains that may counterbalance losses and provide an opportunity for net positive return over time.

When the risk compone
~10% in options, shown i
Treasury

Hypothetical allocation percentages illustrated here may not be indicative of actual allocations at any given time and are provided for illustration only. Options Risk. There are risks associated with the purchase of call and put options. As the buyer of a put or call option, the Fund risks losing the entire premium invested in the option if the Fund does not exercise the option or sell to close the position while it still has value. Although a small portion (2%-5%) of the Fund is allocated to mitigate an extreme upward spike in volatility, the Fund may experience extreme price declines in a single day.Fixed Income Risk. When the Fund invests in fixed income securities, the value of your investment in the Fund will fluctuate with changes in interest rates. Typically, a rise in interest rates causes a decline in the value of fixed income securities owned by the Fund. In general, the market price of fixed income securities with longer maturities will increase or decrease more in response to changes in interest rates than shorter-term securities. Other risk factors include credit risk (the debtor may default), extension risk (an issuer may exercise its right to repay principal on a fixed rate obligation held by the Fund later than expected), and prepayment risk (the debtor may pay its obligation early, reducing the amount of interest payments). These risks could affect the value of a particular investment by the Fund, possibly causing the Fund's share price and total return to be reduced and fluctuate more than other types of investments. The Fund attempts to mitigate these risks by investing in short-term US Government Treasury Bills and cash.

Measured Risk Strategy Fund is not an investment in the Short Volatility Index (SPVXSPIT) nor does it attempt to outperform it.

The Fund seeks to outperform equity markets over the long term by purchasing options on volatility-linked ETPs to attempt to limit the downside of single-day price declines in rising periods of volatility. The majority of the Fund is invested in short-term fixed income seeking to limit maximum overnight drawdown risk versus volatility ETPs.

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Contact your financial advisor or us directly for more information.

About

Measured Risk Portfolios was founded in 2007 by Larry Kriesmer, CLU, ChFC and Bernard Surovsky,

Quarterly Fact Sheet

CFS of Kingsroad Financial & Insurance Services to launch investment strategies that did not yet exist for their clients. Each has more than 20 years of experience trading and using options, and has been trading volatility as part of its strategies since 2013. The Measured Risk Strategy Fund was launched in 2016.

Download

Documents

Roth IRA Application Form

Prospectus

Simple IRA Application Form

Statement of Additional Information

IRA Application Form

Roth IRA Financial Disclosure

Account Form

Simple IRA Financial Disclosure

Contact

For more information about Measured Risk Strategy Fund, contact Mike Waldow by filling out this form or give him a call at 858-997-0165.

Your name (*)

Email (*)

I'm a - -

Message (*)

What's the square root of 9?

SEND

IMPORTANT DISCLOSURES – PLEASE READ:

Investors should carefully consider the investment objective, risks, charges and expenses of the Measured Risk Strategy Fund. Mutual funds involve risk, including possible loss of principal. There is no guarantee the Fund will meet its objective. This and other information is contained in the prospectus and should be read carefully before investing. For a prospectus please call Measured Risk Portfolios at (855) 907-3407. The Funds are distributed by Northern Lights Distributors, LLC, member FINRA / SIPC. Northern Lights Distributors, LLC is not affiliated with Measured Risk Portfolios, Inc. 4711-NLD-5/21/2019

The Fund employs various strategies seeking to achieve the objective of capital appreciation and income. The primary tool to achieve this objective is the use of options. Options involve risk and are not suitable for all investors. Purchased put or call options may expire worthless and may not deliver the expected return due to time value decay. Written call and put options may limit the Fund's participation in gains and may amplify losses in market declines. The Fund’s losses are potentially large in a written put or call transaction. If un-hedged, written calls expose the Fund to potentially unlimited losses.

Volatility Exchange Traded Products (ETPs) may have significantly greater daily movements that that of the broad US equity markets. Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. The Fund may invest or buy or sell options on volatility related ETPs, such as: (holdings are subject to change and should not be considered investment advice)

VIX: The CBOE VIX (S&P 500 Volatility Index) is a measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices. The VIX is forward looking and seeks to predict the variability of future market movements. This is in contrast to realized (or actual) volatility which measures the variability of historical (or known) prices.

Short VIX: A “short VIX” investment is one that is designed to correlate negatively or move opposite of the Chicago Board Option Exchange Volatility Index (VIX). These investments may take many forms but are typically Exchange Traded Funds (ETF) or Exchange Trades Notes (ETN). They may also be designed to have various ratios to the daily movement of the VIX (for example 2 times or .5 times) in which case they are also referred to as leveraged or geared ETFs or ETNs

SVXY: ProShares Short VIX Short-Term Futures ETF seeks daily investment results, before fees and expenses, that correspond to the inverse (-1x) of the daily performance of the S&P 500 VIX Short-Term Futures Index.

XIV: The VelocityShares Daily Inverse VIX Short Term ETN provides -1x leveraged exposure to an index comprising first- and second-month VIX future positions with a weighted average maturity of 1 month.

VXX: The iPath S&P 500 VIX Short-Term Futures ETN tracks an index with exposure to futures contracts on the CBOE Volatility Index with average 1-month maturity.

ETPs are subject to investment advisory and other expenses, which will be indirectly paid by the Fund. As a result, the cost of investing in the Fund will be higher than the cost of investing directly in ETFs and may be higher than other mutual funds that invest directly in stocks. ETFs are subject to specific risks, depending on the nature of the Fund.

The use of leverage, such as that embedded in options, could magnify the Fund’s gains or losses. Written option positions expose the Fund to potential losses many times the option premium received.

The adviser’s use of trading algorithms and judgments about the attractiveness, value and potential appreciation of particular ETPs and options in which the Fund invests or sells may prove to be incorrect and may not produce the desired results.