Item 1 – Cover Page

Part 2A of Form ADV

Firm Brochure

MBS Mantra, LLC

November 15, 2017

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MBS Mantra, LLC is a Registered Investment Adviser with the State of CT.

This brochure provides information about the qualifications and business practices of MBS Mantra, LLC ("MBS Mantra", the "Adviser", the "Investment Adviser", the "Investment Manager", the "Manager"). If you have any questions about the contents of this brochure, please contact us at: 203-388-8356, or by email at: sshah@mbsmantrallc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Registration with the United States Securities and Exchange Commission or with any state securities authority does not imply a certain level of skill or training on the part of either MBS Mantra, or any of its Principals or Employees.

Additional information about the Adviser is available on the SEC's website at www.adviserinfo.sec.gov

Item 2 – Material Changes

This brochure makes changes to update AUM, and reflects the proposal of additional strategies. We have added disclosures in numerous sections, notably Items 4 and 8, to reflect these strategies and the additional asset classes they cover. There are also a few minor corrections in the document.

As of November 15th, we have a new address. The address change is also reflected here.

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Item 4 – Advisory Business

A. Description of Advisory Firm and Principal Owner

MBS Mantra was formed in 2014 to primarily provide investment advisory services to clients in separately managed accounts ("SMA"). The Adviser is owned and controlled by Samir B. Shah ("Mr. Shah") as Managing Member of the LLC (the "Principal"). Mr. Shah will be the primary Portfolio Manager of the Adviser for its clients.

B. Types of Advisory Services

The Adviser proposes to provide discretionary portfolio management and investment advisory services to "Qualified" and "Non-Qualified" individuals, high net-worth individuals, trusts, foundations, corporations, employer and retirement systems, and other institutional clients (collectively "Clients"), primarily in separately managed accounts ("SMAs").

We are also proposing private limited partnership fund structures for prospective investors that require such pooled structures, in which case such private funds will be the clients of MBS Mantra, and our discretionary portfolio management services will be provided to the funds . Since there will be a close relationship between MBS Mantra and any funds we sponsor and form, this Brochure is also addressed to investors and prospective investors in such funds.

"Structured Products" are broadly defined as investments whose cashflows and investment characteristics are derived and structured from the performance and cashflows of an underlying or reference pool of assets, which in turn could be bonds or loans or other forms of assets or contracts. There are many types of securities that can be called Structured Products, and there is no uniform definition.

The Adviser will be primarily focused on investing in debt securities ("Bonds") in the Structured Products category, with an emphasis on credit and prepayment sensitive residential Mortgage Backed Securities ("MBS" and "RMBS"), Asset Backed Securities ("ABS"), Commercial MBS ("CMBS"), and Agency Collateralized Mortgage Obligations ("CMOs"), that can all be categorized as Structured Products, however, with a broad investment mandate and the flexibility to invest in other debt securities, municipal bonds, corporate bonds, money market funds, equity securities, private securities, distressed assets, high yield bonds, mutual funds, closed end funds, ETFs, and limited partnerships, to take advantage of opportunities, for creation and management of portfolio risk and for hedging, to create additional investment strategies to facilitate the investment needs of our clients, and for asset allocation processes and strategies.

Credit sensitive bonds are typically collateralized by individual debt obligations, such as home mortgages and home equity lines of credit, or by home rental revenue, and are subject to the risk of loss as they are not guaranteed by the Federal government or other forms of insurance. Prepayment sensitive bonds are usually backed by US government Agencies, such as FNMA, FHLMC, GNMA, SBA, etc. However, they too are subject to the risk of premium loss due to voluntary and involuntary prepayments. Credit sensitive bonds also have prepayment risks.

The Advisor has also developed a research-driven investment strategy using portfolios of Fixed Income Mutual Funds and ETFs. These can be managed as a Long Only strategy, or as Long-Short strategy, in either SMA or limited partnership fund formats. The Advisor might also provide this strategy as a consulting service to other Investment Managers and consultants.

The Advisor has also created a new market-risk targeting strategy, based on quantitative finance, asset allocation, risk management financial techniques and research, that will invest in portfolios of long and short positions in equity securities or funds/ETFs, combined with MBS and corporate bond securities or bond funds/ETFs. The portfolio construction can be customized based on the desired market-risk exposure of the client, and will also be proposed in a limited partnership structure to clients or prospective clients that require such a structure.

MBS Mantra will not manage any assets on a non-discretionary basis.

The Adviser takes discretion through a limited power of attorney in order to place trades for Clients. MBS Mantra's internal policy is to take all steps necessary to appoint an independent third party as the custodian of the assets in order to avoid taking control of any Client's assets and becoming the custodian. MBS Mantra utilizes a third party brokerage firm or custodian to oversee custody of assets in brokerage accounts, and to provide statements to Clients.

Agreements with Clients provide for a limited power of attorney to MBS Mantra, LLC to make investment decisions on security, amount of the security, price, brokerage and commissions paid – i.e. discretion, subject to any investment constraints defined in the Agreement with each Client, and may not be assigned without Client consent.

The term "Qualified Client**"** means:

(i) 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 investment adviser;

(ii) A natural person who, or a company that, the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:

> (A) 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. For purposes of calculating a natural person's net worth:
>
> > (1) The person's primary residence must not be included as an asset;
> >
> > (2) Indebtedness secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time the investment advisory contract is entered into may not be included as a liability (except that if the amount of such indebtedness outstanding at the time of calculation exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability); and

(3) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the residence must be included as a liability; or

(B) Is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(51)(A)) at the time the contract is entered into; or

(iii) A natural person who immediately prior to entering into the contract is:

(A) An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the investment adviser; or

(B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

C. Tailoring of Advisory Services

The investment strategy of each separately managed account will be tailored to the objectives and risk profile of the respective Client and SMA, and a variety of strategies will be proposed and offered. Each SMA will have its own Investment Management Agreement ("IMA"). Fees will also be customized and be commensurate with the effort and time requirement in the management of each SMA.

At the time of account opening, information will be gathered about the total financial picture of the Client, future cash requirements, investment time horizon, appetite for the assumption of risk, tax position, etc. All these will factor into the specific recommendations made to the Client, and the selection of a strategy or multiple strategies by that Client.

That notwithstanding, a Client may impose restrictions and constraints in investing in certain types of securities, including by minimum rating.

The minimum investment period is 1 year, after which capital may be withdrawn on the last day of each quarter, with 2 months of advance notice ("Capital Withdrawal Notice"). The Adviser may, at its discretion, accept SMAs with different investment period and withdrawal terms, which will be tailored to the needs of the Clients.

D. Wrap Fee Programs

The Adviser does not participate in wrap fee programs.

E. Assets Under Management

As of the date of this filing, November 15, 2017, the Adviser has approximately $2.8 million of assets under management.

Item 5 – Fees and Compensation

A. Our Compensation

Separately Managed Accounts pay the Adviser Management Fees which can vary and are negotiable, and will depend on the investment program created for or selected by the Client for its SMA. The process to compute our compensation can differ from the description below for customized investment programs.

Management Fees are calculated and payable quarterly and in advance. The minimum investment period is 1 year, after which capital may be withdrawn on the last day of each quarter, with 2 months of advance notice. The Adviser may, at its discretion, accept SMAs with different investment period and withdrawal terms, which will be tailored to the needs of the Clients. Clients therefore they will not bear a management fee in excess of what they owe. Management Fees are based upon the valuation of the Assets as of the close of the previous calendar quarter.

If a Client, due to extenuating circumstances, needs to terminate the Agreement before the end of the Performance Period (as defined below), the Adviser will refund any prepaid fee on a prorated basis.

"Performance Period" means the applicable quarterly period for which Management Fees or Performance Fees (as defined below) are calculated. The Initial Performance Period will commence on the Effective Date of the Investment Management Agreement and terminate on either March 31, June 30, September 30, or December 31, as the case may be. For each subsequent Performance Period, such Performance Period will commence on the day following the last day of the preceding Performance Period, and ending as of the close of business on the first to occur of the following after the relevant commencement date:

(1) the last day of a calendar quarter;

(2) your withdrawal of the entirety of your Assets; or

(3) the final distribution to you following the termination of this Agreement.

Custom investment programs might be created that are more or less actively managed than others. Strategies that require less periodic management and reporting might have higher management fees only for the first quarter after a capital injection, when investments are researched, selected and purchased, and lower management fees for subsequent periods after a capital injection, when the primary activity of the Adviser for the SMA is monitoring and reporting, with occasional reinvestment, and the account is less actively managed.

Depending on the investment program created for the SMA and the degree of active management, the proposed Management Fees range from 0.1% to 1.75% per quarter, or from 0.4% to 4% per annum.

Additionally, the Adviser may receive Performance-Based Compensation ("Performance-Based Fee", "Performance Fee") from some separately managed accounts with specific strategies. Performance Fees are calculated at the close of each Performance Period. Performance Fees will range from 10% to 25% per annum of Net Realized Returns (as defined below), depending on the complexity of the investment program created for the Account. Only a Qualified Client (as defined below) can be charged a Performance Fee.

The term Qualified Client means:

(i) 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 investment adviser;

(ii) A natural person who, or a company that, the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:

(A) 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. For purposes of calculating a natural person's net worth:

(1) The person's primary residence must not be included as an asset;

(2) Indebtedness secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time the investment advisory contract is entered into may not be included as a liability (except that if the amount of such indebtedness outstanding at the time of calculation exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability); and

(3) Indebtedness that is secured by the person's primary residence in excess of fair market value of the residence must be included as a liability; or

(B) Is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(51)(A)) at the time the contract is entered into; or

(iii) A natural person who immediately prior to entering into the contract is:

(A) An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the investment adviser; or

(B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

Generally speaking, Qualified Clients include 1) a person or company with at least one million dollars ($1,000,000) under management with the Adviser; 2) a person or company with a net worth of more than two million dollars ($2,000,000), excluding the person's residence, or who is a qualified purchaser as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940; and 3) certain key employees of the Adviser.

The Adviser may reduce, waive, or calculate differently, the Management Fee or the Performance Fee, in its sole discretion, with respect to certain clients or investors, including any future members, partners, directors, officers, affiliates or employees of MBS Mantra, or such person's family members and trusts or other entities established for the benefit of such person or his or her family.

Computation of Management Fees

The Management Fee for each SMA is computed by multiplying the applicable periodic management fee rate by the "Adjusted Account Balance" (defined below) at the end of every prior period, typically quarterly.

An Account Balance is usually computed and supplied by the custodian on its statements, and is typically defined as the Cash or Money Market Funds in the account, plus the sum of the current principal balance of each bond in the account multiplied by the custodian's estimate of market price ("Mark"), as defined below, plus the net value of unsettled transactions. However, custodian statements sometimes do not have corrected bond balances (for example, if there has been a delay by the trustee in reporting them), or do not compute balances for bonds that are not reported by the services that they use for providing data, and might sometimes not provide Marks for certain bonds.

The Mark for each bond is the independent market pricing as supplied by the custodian. In the event that the custodian is unable to provide a market price estimate for a security owned by the client, the Adviser will provide its best estimate of market price for that security. The Adviser also reserves the right to use cost price as the basis for pricing of any of the securities if it deems that the Custodian's Mark is too high. Cost price will only be applied in cases where the custodian's Mark is higher than cost price, or a Mark is not easily discernable.

The "Adjusted Account Balance" means the balance that will be computed by the Manager and will be supplied to the Client in the Adviser's report for the quarter used to compute the Management Fee. The Adjusted Account Balance will correct bond balances for factor changes, make adjustments to the Mark of any security if it is required, and verify the balances of unsettled transactions.

Computation of Performance Fees

For SMAs that are charged a Performance Fee for a Period, the Performance Fee is based on "Net Realized Return" of bonds that are no longer in portfolio, either from being sold or that have matured during the Performance Period.

"Realized Return" means the computation for a bond made by adding all the incoming cashflow (from principal and interest received, plus any subsequent recoveries) on a bond that has matured or been sold, from its purchase date onwards, to the proceeds realized upon maturity or from selling the bond, and subtracting the original cost of purchase of that bond.

"Realized Gains" means positive realized returns. "Realized Losses" means negative realized returns. "Total Realized Gains" means the sum of all Realized Gains.

"Unrecouped Realized Losses" means an amount initially equal to zero that is adjusted immediately following the close of each Performance Period. The adjustment is made by increasing the amount of Unrecouped Realized Losses by the sum of Realized Losses for the Performance Period.

"Net Realized Return" means a positive Realized Return obtained if Total Realized Gains are greater than Unrecouped Realized Losses (after adjustment for Realized Losses for the Performance Period). The Net Realized Return is used to compute the Performance Fee. Unrecouped Realized Losses are reset to zero for the following Performance Period.

If Total Realized Gains are less than Unrecouped Realized Losses (after adjustment for Realized Losses for the period), then the Performance Fee is $0 for the Performance Period, and the amount of Total Realized Gains are subtracted from Unrecouped Realized Losses for the following period. Such a computation ensures that all realized losses to date are recovered before the Adviser earns a Performance Fee.

The Performance Fee will be computed by multiplying the applicable Performance Fee percentage for the Period to the Net Realized Return for that period, if it is positive.

The data necessary to accurately compute this figure is usually not available for a few days after the end of the month, and thus billings, charges and reports for Performance Fees will usually not be available till the 10th of the month, at the earliest, following the end of the quarter.

Adjustments will be made in both Performance Fees and Management Fees, for changes in balances and performance from "trade cancel and corrections" for prior Performance Periods, which correct for numbers that the Custodian, trustee, or clearing agent might have estimated to settle a trade, or incorrectly reported, such as the interest rate or principal balance of a bond.

In the event that a Capital Withdrawal Notice has been given to the Manager, Client will have the option of retaining the securities in his portfolio, or having the Adviser sell them. Sales of securities by the Adviser for a Client subject to Performance Fees will be charged Performance Fees as described above. If the Client chooses to retain the securities in Client's portfolio, Performance Fees will be charged using the Realized Return and Net Realized Return methodology described above for each security and the portfolio, using the end of Performance Period Marks provided in the Adjusted Account Balance defined above.

B. <u>How we collect Fees</u>

The Management Fee is payable quarterly in advance and will either be billed to the client (payable by the fifteenth day of the first month of each quarter) or be deducted from each Account as of the first business day of each quarter.

Performance Fees will be deducted from each Account that is subject to Performance Fees, after obtaining the client's approval, after the close of each quarterly performance period, once performance is computed. Debits from the client's account will typically occur on the 15^{th} of the month following the close of the quarter. Alternatively, the Performance Fee will be billed to the Client (payable by the end of the month).

C. <u>Other Costs and Expenses</u>

Each client bears all the costs and expenses related to its investment program. A number of costs and expenses will be charged directly by the Custodian of the Client's account, while other costs and expenses might be incurred by the Adviser on the Client's behalf and be billed or debited from the Client's Account by the Adviser.

Costs and expenses charged by the Custodian might include, but are not limited to, costs and expenses related to proxies, underwriting and private placements, surveys, brokerage commissions, clearing and settlement charges, interest on debit balances and borrowings, custody fees, proxy voting services, portfolio valuation and pricing services, odd-lot differentials, wire transfer and electronic fund fees, other fees and taxes on brokerage accounts and securities transactions, certain deferred sales charges, and any other fees charged by the Custodian, and any withholding or transfer taxes imposed on the Client. Such fees will typically be debited directly from the Account with the Custodian.

Costs and expenses incurred by the Adviser on behalf of Clients might include, but are not limited to, due diligence services with regard to investments, accounting, auditing, tax preparation or other tax-related expenses, research expenses, subscriptions, studies, expenses related to consultants, attorneys (e.g., in the event of claims against an issuer), or other professionals or advisers who provide research, advice, or due diligence services with regard to investment, portfolio valuation and pricing services, accounting, auditing tax preparation or other tax related expenses. Such fees will be either be debited from the Client's accounts, or billed to the Client (payable in 15 days).

The Adviser does not supply accounting, tax or legal advice, and Clients are recommended to seek and retain their own professionals and advisers in these areas. These costs could also add to the cost of their investment programs.

In addition to our Fees and those of the Custodian, Client might also incur certain charges imposed by other third parties. Those costs and expenses may include, but are not limited to, charges imposed directly by a mutual fund, index fund, or exchange traded fund purchased for the Account which will be disclosed in the fund's prospectus (*e.g.*, fund management fees and other fund expenses).

See Item 12 of this brochure for more information on our brokerage practices.

D. <u>Advance Payment of Fees</u>

Management fees are payable in advance or each quarterly performance/billing period. If a client, due to extenuating circumstances, needs to terminate the advisory contract before the end of the performance period, the Adviser will refund any prepaid fee on a prorated basis.

E. <u>Compensation for the Sale of Securities</u>

No supervised persons of MBS Mantra, including Mr. Shah, accepts compensation, including commissions or markups, for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

While Mr. Shah has, in the past, been a registered representative with various broker-dealers for over 25 years, he is not currently registered with any broker dealer, and neither he nor MBS Mantra is compensated for the purchase or sale of securities.

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

<u>Performance Based Fees</u>

As referenced above in Item 5, and further described in Item 7 and Item 8, MBS Mantra will be entitled to performance-based fees from certain Clients selecting certain strategies for their Accounts.

Different client accounts may be subject to different performance-based fee arrangements.

The performance-based allocation arrangements discussed above comply with Rule 205-3 under the Investment Advisers Act of 1940 (the "Advisers Act").

For SMAs that are charged a Performance Fee, the Performance Fee is based solely on Net Realized Returns, which has been described above in Item 5. This is in recognition of the illiquid nature of RMBS, the wide range in valuations of such securities by pricing services, and the ability to purchase bonds in the market, especially odd-lots, cheaper than where pricing services value them, which would make unrealized performance computations based on pricing service valuations unfair to the client.

For SMAs that are customized, or any of the proposed fund or limited partnership structures, a customized Performance Fee schedule might be utilized.

Performance-Based Fees can create conflicts of interest.

The use of performance-based fees generally may create an incentive for MBS Mantra to choose investments and recommend investment strategies that might carry a higher degree of risk to the Clients.

In addition, we manage Accounts for Clients that are not charged a Performance Fee, therefore we may have an incentive to favor Client Accounts which pay a Performance Fee.

Side-by-Side Management

MBS Mantra will render investment advice to other clients, and no client will have exclusive availability of MBS Mantra's services. We (and our affiliates, employees, representatives, and agents) may purchase or sell, or to recommend for purchase or sale, or take the same or similar positions in specific investments, for the accounts of other clients or for the accounts of MBS Mantra's employees, principals or affiliates.

In the event that investment opportunities are suitable for more than one Account, MBS Mantra will allocate such investment opportunities in such manner that allocations are fair and equitable to each Client over time, taking into account available facts and circumstances, investment constraints in each SMA, diversification and risk concentrations of Client's portfolios, and availability of cash.

In making allocations, MBS Mantra will also consider the additional costs in both commissions and liquidity created by allocating small bond positions to multiple Clients. In general, MBS Mantra will not allocate to multiple Clients investments that are smaller than $25,000, but will usually select a single Client to purchase such an investment.

MBS Mantra will periodically, typically quarterly, review investment decisions for the purpose of evaluating that all Accounts with substantially similar investment objectives hold similar investments and are treated equitably for the allocation of investments, and to identify any significant discrepancies. In addition, MBS Mantra will also periodically review its allocation process and policy to ensure fairness to all Clients.

Employees and principals of MBS Mantra might also be investing for themselves alongside clients in their own SMAs. **This can create a conflict of interest.** All employees will be trained to understand that they are precluded them from favoring themselves over MBS Mantra's clients. Accordingly, they may only invest for themselves if:

- the investments are deemed unsuitable for MBS Mantra's clients at that point in time, including for reasons of over concentration of risk, ratings, size, asset sector, and potential illiquidity
- or, there is insufficient cash in Client's accounts;
- or, they are participating alongside clients in the allocation of a securities purchase.

Item 7 – Types of Clients

The Adviser proposes to provide discretionary portfolio management and investment advisory services to both "Qualified Clients" and "Non-Qualified Clients", high net worth individuals, trusts, and other institutional clients (collectively "Clients") in separately managed accounts.

The minimum initial investment for an SMA is between $250,000 and one million dollars ($1,000,000), depending on the investment strategy created, though lesser amounts may be accepted at the sole discretion of the Adviser. While the Adviser seeks to limit clients to "Qualified Clients" under the definition in Rule 205-3 of the Investment Advisers Act of 1940, in its discretion it might accept clients that are not "Qualified" if the Adviser believes that they understand and can bear the risks of the investments and strategies.

Only "Qualified Clients" will be charged a Performance Fee.

The term Qualified Client means:

(i) 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 investment adviser;

(ii) A natural person who, or a company that, the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:

> (A) 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. For purposes of calculating a natural person's net worth:
>
> > (1) The person's primary residence must not be included as an asset;
> >
> > (2) Indebtedness secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time the investment advisory contract is entered into may not be included as a liability (except that if the amount of such indebtedness outstanding at the time of calculation exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability); and
> >
> > (3) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the residence must be included as a liability; or
>
> (B) Is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(51)(A)) at the time the contract is entered into; or

(iii) A natural person who immediately prior to entering into the contract is:

> (A) An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the investment adviser; or

(B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

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

Investing in securities involves substantial risk of loss that clients should be prepared to bear.

"Structured Products" are broadly defined as investments whose cashflows and investment characteristics are derived and structured from the performance and cashflows of an underlying or reference pool of assets, which in turn could be bonds or loans or other forms of assets or contracts. There are many types of securities that can be called Structured Products, and there is no uniform definition.

MBS Mantra primarily invests in bonds in the Structured Products category, with an emphasis on credit and prepayment sensitive Mortgage Backed Securities ("MBS"), Asset Backed Securities ("ABS"), Commercial MBS (CMBS), and Agency Collateralized Mortgage Obligations (CMOs), however, with a broad investment mandate and the flexibility to invest in other debt securities, Collateralized Loan Obligations ("CLOs"), equity securities, closed end funds, fixed income mutual funds, ETFs, and limited partnerships. MBS Mantra might also use securities in other markets, such as Equities and Foreign Exchange, to hedge risks, as part of asset allocation or market-risk targeting strategies.

All bonds, and indeed all securities, are subject to a number of general external factors and risks, as well as sector and bond specific risks, which will be monitored and will drive strategic decisions. While it is not possible to enumerate every risk, as new unforeseen risks can materialize, some of the risks that exist today are enumerated below.

All our investments and strategies involve a substantial degree of risk and are intended and appropriate only for Investors, whose sophistication and financial resources are sufficient to enable them to evaluate such an investment and to assume such risks, including the risk of complete loss of their investment.

General and Market Risks include:

- **Potential loss of investment:** An investment in securities involves a high degree of risk. There can be no assurance that the Clients' investment objectives will be achieved or that Clients will not lose all or substantially all of their investment. The accounts managed by the Adviser are not a complete investment program and should represent only a portion of an investor's portfolio management strategy.

- **Risk of Structured Products:** Structured Products, and especially Subprime Non Agency RMBS, were the centerpiece of the recent global financial crisis. Their values collapsed along with bursting of the "housing bubble" in the United States, and most were downgraded to below investment grade by the various ratings Agencies, and overall liquidity in the sector has declined. While prices of Structured Products have recovered after the absorption of many defaults and in response to a housing and employment recovery, there is the risk that, in the event of a future financial crisis, this sector will sell off and lose liquidity again.

- **Limited Operating History of the Adviser:** The Adviser has a limited operating history. In addition, past results are not indicative of future performance. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

- **Competition:** The Adviser competes with numerous other investment funds and financial institutions, as well as other investors, many of which have substantially greater resources. The profit potential of our clients may be materially reduced as a result of the increased competition.

- **Interest rate risk**: The risk that market interest rates rise, which can reduce the price of a bond as market yields rise.

- **Market Volatility:** Numerous exogenous factors can create market volatility and sell offs in other markets, such as loss of confidence in financial sectors, bank failures, changes in central bank policy, wars, and other events. These can lead to "flights-to-quality", which can impact the price of bonds as well as the value of embedded options in bonds. The particular or general types of market conditions in which a client portfolio may incur losses or experience unexpected performance volatility cannot be predicted, and the portfolio may materially underperform other investment funds with substantially similar investment objectives and approaches.

- **Market Disruptions; Governmental Intervention; Dodd-Frank Wall Street Reform and Consumer Protection Act:** The Dodd Frank Wall Street Reform and Consumer Protection Act (the "Reform Act") became law in July 2010. The Reform Act seeks to regulate markets, market participants and financial instruments that previously have been unregulated and substantially alters the regulation of many other markets, market participants and financial instruments. It is difficult to predict the impact of the Reform Act on the Fund, the Adviser, and the markets in which they trade and invest. The Reform Act and regulations adopted pursuant to the Reform Act could have a material adverse impact on the profit potential of the Fund.

- **Liquidity:** Most of the investments in structured products trade in Over-The-Counter "OTC" markets (i.e. non-exchange markets). As such, there is no guarantee of liquidity in such markets, as there are no entities that are required to be market makers. Prices are determined through negotiations, and often the same bonds can trade at different prices due to lack of market transparency.

- **Individual bond shelf, issuer and servicer risk:** Changes in issuer policy and standards can often impact the rate at which cashflow and capital is returned, and can also adversely impact the cashflows on a bond that is independent of collateral performance.

- **Prepayment risk:** Most mortgage-backed and asset-backed securities are subject to early repayment of principal, which can be expected to accelerate during periods of declining interest rates and decelerate during periods of rising interest rates. For certain types of asset pools, such as collateralized mortgage obligations (CMOs), prepayments may be allocated to one tranche of securities ahead of other tranches, in order to reduce the risk of prepayment for the other tranches. Such repayments can usually be reinvested only at the lower yields then prevailing in the market. Therefore, during periods of declining interest rates, these securities are less likely than other fixed income obligations to appreciate in value and are less effective at locking in a particular yield. If bonds are purchased at a price greater than par (i.e. at a premium), prepayments can reduce the yield on the bonds through loss of the premium on the principal that was prepaid. On the other hand, mortgage-backed and asset-backed securities are subject to substantially the same risk of depreciation during periods of rising interest rates as other fixed income securities.

- **Reinvestment risk:** If market yields decline, reinvestment might only be possible at lower yields, reducing the return to the strategy.

- **Macro-Economic and Regulatory Risk:** The risk of central bank monetary policy changes in response to economic conditions impacting financial markets, and regulatory risk (risk of government policies changing prepayment incentives, for example programs such as HAMP, HARP and MHA, and others).

- **Inflation Risk:** Inflation risk results from the decline or variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Adviser purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation-linked bonds, adjustable bonds or floating rate bonds, the Adviser is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security.

- **Diversification Risk:** As all SMAs are likely to be of a limited size, achieving diversification will be a challenge, and will expose all SMA accounts to specific security risk due to the limited diversification. The performance of individual SMAs could thus diverge from the performance of others, even if they follow the same strategy and have similar investments.

- **Valuation Risks:** Unlike publicly traded common stock which trades on national exchanges, there is no central place or exchange for fixed-income securities trading. Fixed-income securities generally trade on an OTC market which may be anywhere in the world where the buyer and seller can settle on a price. Due to the lack of centralized information and trading, the valuation of fixed-income securities may carry more risk than that of common stock. Uncertainties in the conditions of the financial market, unreliable reference data, lack of transparency and inconsistency of valuation models and processes may lead to inaccurate asset pricing. As a result, a portfolio may be subject to the risk that when a security is sold in the market, the amount received by the client is less than the value of such security carried by the client.

- **Accuracy of Public Information:** The Adviser selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Adviser by the issuers or through sources other than the issuers. Although the Adviser evaluates public information and data and sometimes seeks independent corroboration when it's considered appropriate and reasonably available, the Adviser is not in a position to confirm the completeness, genuineness or accuracy of public information and data, and in some cases, complete and accurate information is not available.

- **Unreliability of Ratings:** In general, the ratings of nationally recognized rating organizations represent the opinions of these agencies as to the credit quality of securities that they rate. These ratings may be used by the Adviser in managing the selection of portfolio securities. Such ratings, however, are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of the securities. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events.

- **Risk of Future Ratings Downgrades:** Future ratings downgrades of a security due to delayed ratings actions that take place after purchase, or in reaction to future adverse collateral performance, can impact the market price of a security, and cause it to lose value, even if such adverse collateral performance has been anticipated by the Adviser with the belief that it had been priced in by the market. This is especially true of securities that cross over from being investment grade to non-investment grade.

- **Investments in Undervalued Securities:** The Adviser intends to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Adviser's investments may not adequately compensate for the business and financial risks assumed.

- **Leverage:** When deemed appropriate by the Adviser and subject to applicable regulations, the Adviser may incur leverage in its investment program for specific strategies where this had been approved by the client, whether directly through the use of borrowed funds, or indirectly through investment in certain types of financial instruments with inherent leverage, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss.

- **Limited Hedging:** The Adviser does not, in general, attempt to hedge all of the risks of client positions in Long-only strategies, but may only hedge foreign exchange risks and interest risks, and may only hedge such risks partially. Various directional market risks in the Fund's portfolio will often remain entirely unhedged.

- **Currency Exchange Exposure and Currency Hedging**: Although client accounts will be denominated in U.S. Dollars, a client's investments may be made in non U.S. currencies. The Adviser will generally seek to hedge (in whole or in part) investments denominated in non U.S. currencies to attempt to minimize the effect of fluctuations in the exchange rate with U.S. Dollars. As it is impossible to predict the future performance of the U.S. Dollar and any applicable non U.S. currency, it is likely that investments will always be over- or under-hedged against currency rate exchange risks. In addition, the Adviser may choose not to enter into hedging transactions with respect to some or all of its positions that are exposed to currency exchange risk.

- **Reliance on Key Personnel**: The investment operations of the Adviser are substantially dependent upon the skill, judgment and expertise of Mr. Shah. The death, disability or other unavailability of Mr. Shah could be material and adverse to clients.

- **Conflicts of Interest:** Conflicts of Interest of the Investment Manager can also impact returns, and are a risk for the investor and investment program. The requirements for Form ADV require that they are described and discussed in various Items in this Brochure. Every attempt has been made to describe such conflicts of Interest in depth, however it is possible that some aspects of such conflicts have been inadvertently omitted, and that more conflicts might arise in the future that have not been identified as of this writing. For convenience, the conflicts that the Manager is currently aware of are also summarized here, in addition to being described in more detail in the Items specified.

    - **Item 6 – Performance Based Fees:** The use of Performance Fees can create conflicts of interest, as it may create an incentive for MBS Mantra to choose investments and recommend investment strategies that might carry a higher degree of risk to the Clients. Also, MBS Mantra may have an incentive to favor client accounts which pay a Performance Fee.
    - **Item 6 – Side by Side Management:** Employees and principals of MBS Mantra might also be investing for themselves alongside clients in their own SMAs.
    - **Item 11 – Participation or interest in Client Transactions:** MBS Mantra has potentially conflicting divisions of loyalties regarding "cross-transactions", which can create

conflicts of interest. On rare occasions, MBS Mantra employee accounts might also participate in cross-transactions.

- **Item 11 – Personal Trading:** MBS Mantra and its principals and employees may buy and sell securities for themselves that they also recommend to clients.
- **Item 12.1 – Brokerage Practices – Research and Other Soft Dollar Benefits:** The Adviser may pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with investment and research information that assist in the decision making process, or pay higher commissions to such firms. The availability of these benefits may influence the Adviser to select one broker rather than another to perform services for the Clients, which can create a conflict of interest.
- **Item 19.C - Compensation for Advisory Services with Performance-Based Fees**: a repeat of Item 6, for State Registered Advisors.

Other Bond and Strategy Specific Risks

Additional risks to investing in Structured Products include credit deterioration of specific bonds to the point of cashflow impairment, inability of mortgage holders to pay off on time, resulting in extensions and modifications (especially in CMBS), borrower and underwriter fraud, portfolio coupon deterioration due to servicer driven loan modifications, ratings downgrades of bonds that are margined, or short rates rising, compressing spreads of levered bonds, reinvestment risk if rates decline and bonds are prepaid or called, adverse prepayments on bonds purchased at a premium, and illiquidity in the event capital needs to be raised.

If a high turnover strategy is selected, such a strategy would be expected to generate mostly short term income and short term capital gains, and Clients will be made aware of this fact as well, to judge suitability with their tax situation. The high turnover is also likely to lead to larger commissions and other transactions costs, which could reduce returns.

In addition, with a small portfolio size such as in an SMA that has limited diversification, there is risk that individual bonds can prepay fast even if rates do rise or remain stable, for reasons other than rates, such as defaults by the underlying borrowers in that particular security. Specific bonds might exhibit different performance than the performance of the overall universe of similar bonds (i.e. their cohort). In addition, there is risk that market liquidity will be absent when rates rise and the Client wants to close out the strategy or account to capitalize on unrealized gains.

MBS Derivatives, such as Interest-Only bonds (“IOs”), and Principal Only bonds with no coupons (“POs”), or bonds that have coupon rates that are inversely related to market interest rates (“Inverse Floaters” and “Inverse IOs”), or are time tranched, or Subordinate bonds, are exposed to many of these risks on a levered basis. It is possible that an entire bond position could be written off due to losses or adverse prepayments. If a strategy is selected that limits the portfolio entirely to MBS derivatives, it is possible that the entire portfolio could be lost.

__Methods of Analysis__

Non Agency Bonds- RMBS, ABS and CMBS

Credit sensitive RMBS, ABS, CMBS and CLOs are typically collateralized by individual debt obligations, such as home mortgages and home equity lines of credit, home rental revenue, or revenue from commercial properties, and are subject to the risk of loss as they are not guaranteed by the Federal government, any of its agencies, or other forms of governmental insurance. They are also called "Non-Agency" bonds for this reason. Some of the bonds in each of these sectors are also called distressed assets, as their performance, and prices deteriorated significantly during the recent financial crisis, resulting in them taking losses, with a resulting decline in liquidity. The underlying collateral behind such bonds can also be performing, non-performing, or re-performing, and bonds are often collateralized not by first liens, but also by second liens, and lines of credit, with borrower credits ranging from Prime to Sub-Prime.

Certain of the fixed income securities in which the Adviser invests may be Non-Investment Grade, Below Investment Grade, or Unrated by a recognized credit-rating, and as a result may be subject to greater risk of loss of principal and interest than higher-rated debt securities. The Adviser may invest client accounts in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Adviser may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Client portfolios will therefore be subject to credit and liquidity risks. In addition, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments.

The fixed income assets in which the Adviser invests may also include asset-backed securities, which represent direct or indirect participations in, or are secured by and payable from, pools of assets such as, among other things, debt securities, residential mortgages or loans, commercial mortgages or loans, corporate loans, non-performing collateralized loans, motor vehicle installment sales contracts, installment loan contracts, leases of various types of real and personal property, and receivables from revolving credit (credit card) agreements or a combination of the foregoing. Payment of interest and repayment of principal on asset-backed securities may be largely dependent upon the cash flows generated by the assets backing the securities and, in certain cases, supported by letters of credit, surety bonds or other credit enhancements. Asset-backed security values may also be affected if the market for the securities becomes illiquid, there is difficulty valuing the underlying pool of assets or because of changes in the market's perception of the creditworthiness of the servicing agent for the pool, the originator of the loans or receivables, or the entities providing the credit enhancement.

Some of the securities the Adviser invests in might not be registered securities. Instead, they might be private debt obligations that are generally unrated or below investment grade rated investments and that have greater credit and liquidity risk than more highly rated debt obligations. Private debt obligations are typically issued in traditional private placements or in connection with acquisitions and other business combinations and have no trading market. Moreover, private debt obligations may be unsecured and subordinate to other obligations of the obligor and are subject to many of the same risks as those associated with high-yield debt obligations. Adverse changes in the financial condition of the issuer of private debt obligations, or in general economic conditions, or both, may impair the ability of the obligor to make payment of principal and interest. Issuers of private debt obligations may be highly leveraged, and their relatively high debt-to-equity ratios create increased risks that their operations might not generate sufficient cash flow to service their debt obligations.

Investment decisions in credit sensitive bonds are driven by fundamental credit analysis at their core, with analysis performed to understand historical and current collateral and borrower performance and structural idiosyncrasies and enhancements of every bond, in order to estimate intrinsic value, project future cashflows, volatility of those cashflows, risk of loss, estimated life, and projections of returns. In addition, comparisons are made to other bonds that have traded or are offered in the marketplace, both similar and dissimilar, as well as historical prices of the same bond, to determine relative value of the security and of the sector. The liquidity of the bond is also estimated, by looking at factors such as ratings, tranche size, size of the deal, number of institutional holders, servicer, and performance of the collateral. Finally, a number of exit strategies will be considered, in anticipation of selling the security. The performance of every bond will be reviewed at least monthly, and determinations will be made as to whether to hold or sell, based on market conditions, security performance, and alternative investment opportunities available.

Agency MBS Bonds

Prepayment sensitive bonds are usually backed by US government Agencies, such as FNMA, FHLMC, GNMA, SBA, etc. However, they too are subject to the risk of premium loss due to voluntary and involuntary prepayments. Many of the prepayment sensitive bonds MBS Mantra will invest in are considered to be Mortgage Derivatives, and can have Interest-Only coupons (IOs), pay Principal Only with no coupons (POs), have inherent leverage, pay coupons that are inversely related to interest rates (Inverse Floaters and Inverse IOs), or be time tranched (CMOs). Such bonds, too, are backed by many different types of collateral, and collateral analysis and structure analysis will be performed on each bond to estimate prepayment risk, cashflows, average lives and estimated returns, in addition to relative value and intrinsic value.

Industry standard analytical tools, such as Bloomberg, EMBS, and MBS Source will be used to analyze bonds and market offerings, in addition to primary data and documents, such as prospectuses, supplements and remittance reports, as well as external research.

Other Securities – Equities and Corporate Bonds

We have created, and are also proposing to clients, asset allocation and market-risk exposure targeting strategies, as well as quantitative strategies, that incorporate equities and corporate bonds (including high yield) in the portfolio construction.

In addition, clients that are being on-boarded might fund their accounts with securities that they already own, in a variety of sectors and asset classes, including equities and corporate bonds.

Investment decisions in these sectors will also be made using quantitative and research-driven processes that incorporate both fundamental financial statement analysis, technical analysis, and inter-capitalization analysis. These will allow us to determine when a security is under- or over-valued, and this will facilitate determination of which securities to buy or sell short. Portfolios built using such processes will be largely diversified, with typically greater than 50 positions on both the long and short side. We have identified services, research tools, and systems that can further facilitate our analysis and identification of opportunities and risks in these sectors.

Other Investment Techniques

Our potential investment activities are not limited to the strategies or security classes outlined above. We continue to develop new strategies that can help our clients and prospective clients achieve their investment goals, and we may invest in an unlimited range of securities, instruments and other assets and may pursue an unlimited range of investment strategies, including strategies not described herein and including strategies that are variants or opposite to those described as being typical.

In addition, the distinctions between the asset classes and securities are not always clear. For example, CLOs might be considered both corporate bonds and structured products. Distressed High Yield bonds can often have characteristics and analytical requirements that are more like equity securities. Some investments may straddle more than one asset class, or may not fit within any of the described groups, or may appear to match more closely the description of a different group.

Item 9 – Disciplinary Information

The Adviser has no legal or disciplinary events to disclose that are material to your evaluation of this advisory business or to the integrity of our management.

Item 10 – Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration

Mr. Shah is not currently a registered representative with any broker-dealers.

B. Futures and Commodities Registration

Neither the Adviser nor its management persons is registered as a futures commission merchant, commodity pool operator, commodity trading Adviser, or associated party of any of those, nor does either have any pending application to register as such.

C. Related Persons

Neither the Adviser nor its management persons has any relationship that is material to the Adviser's advisory business or to the Adviser's clients with these other types of related persons listed in the instructions for Form ADV Part 2A:

1. broker-dealer, municipal securities dealer, or government securities dealer or broker:
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund);
3. other investment adviser or financial planner;
4. futures commission merchant, commodity pool operator, or commodity trading Adviser;
5. banking or thrift institution;
6. accountant or accounting firm;
7. lawyer or law firm;
8. insurance company or agency;
9. pension consultant;
10. real estate broker or dealer;
11. sponsor or syndicator of limited partnerships.

D. **Other Investment Advisers**

The Adviser is not compensated for recommending or selecting other investment advisers for its clients. The Adviser also has no other business relationships with any other adviser that could create any material conflict of interest.

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

Code of Ethics

MBS Mantra intends to voluntarily comply with the CFA Institute Asset Manager Code of Professional Conduct, even though Mr. Shah is not a CFA. This claim has not been verified by CFA Institute.

Some examples of the standards in the Code are listed below:

Managers must:

- Place client interests before their own interests.
- Use reasonable care and prudent judgment when managing client assets.
- Establish policies to ensure fair and equitable trade allocation among client accounts.
- Employ qualified staff and sufficient human and technological resources to thoroughly investigate, analyze, implement, and monitor investment decisions and actions.
- Present performance information that is fair, accurate, relevant, timely, and complete. Managers must not misrepresent the performance of individual portfolios or of their firm.

- Communicate with clients on an ongoing and timely basis.

The Code sets the minimum for ethical conduct, while allowing flexibility for asset managers of various sizes and structure. The associated guidance included in the Code allows managers to develop appropriate compliance policies and procedures that also satisfy any additional regulatory requirements.

While some aspects of the Code have yet to be implemented by MBS Mantra, such as employment of Risk Management staff, as MBS Mantra grows, it intends to become fully compliant.

A complete copy of the CFA Institute Asset Manager Code of Professional Conduct is available on request or for download via the following link:

www.cfapubs.org/doi/pdf/10.2469/ccb.v2009.n8.1

Participation or Interest in Client Transactions

MBS Mantra may, with the prior approval of the clients involved, cause one or more of its clients to buy securities from, or sell securities to, other clients of MBS Mantra at current market prices, including accounts in which MBS Mantra, its principals or employees are investors or in which such persons may have a financial interest, either directly or indirectly. MBS Mantra will only engage in "cross trades" if the sale or purchase is consistent with MBS Mantra's obligation to each client. Cross transactions may include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar.

MBS Mantra has a potentially conflicting division of loyalties and responsibilities regarding both parties to any cross transactions. Where required by applicable law, any such transaction will be approved in advance by the client in accordance with Section 206(3) of the Advisers Act.

Cross trades might also occur, for example, when a client has made a request to withdraw capital, and there exists another MBS Mantra client that also owns an allocation of the same security. In such a case, the sale of a partial position might not allow for best execution for the withdrawing client, as small pieces usually trade at a greater discount. Both the selling and buying clients could be thus best served by allowing a cross trade, and their permission will be sought to allow such a transaction.

MBS Mantra employee accounts will not be allowed to participate in cross trades, except in rare situations, when an exception is sought due to, for example, ownership of the same security as a client.

Personal Trading

MBS Mantra and its principals and employees may buy and sell securities for themselves that they also recommend to clients. MBS Mantra and its principals and employees are also investors in SMAs or Funds managed by MBS Mantra, employing similar strategies as those offered to Clients. All transactions for the accounts of MBS Mantra, its principals, and employees, must be approved by the Compliance

Officer, and must conform to both the allocations process (as described in Item 6, Side-by-Side Management) and the Code of Ethics. All personal trading must place the fiduciary responsibility to the treat clients fairly first.

All employees will be trained to understand that, as RIAs, their Fiduciary responsibilities preclude them from favoring themselves over MBS Mantra's clients. Accordingly, they may only invest for themselves if:

- the investments are deemed unsuitable for MBS Mantra's clients at that point in time, including for reasons of over concentration of risk, ratings, size, asset sector, and potential illiquidity
- or, there is insufficient cash in Client's accounts;
- or, they are participating alongside clients in the allocation of a securities purchase.

Item 12 – Brokerage Practices

A. Selecting and Recommending Broker-Dealers

The Adviser seeks to obtain best execution for its clients by taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity, and stability of the broker; client's risk in positioning a block of securities; the quality, comprehensiveness, and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the clients' other selection criteria.

1. Research and Other Soft Dollar Benefits

The Adviser does not currently use soft dollars. In the event that the Adviser decides to use soft dollars in the future, it intends to stay within the safe harbor afforded by Section 28(e) of the Securities Exchange Act of 1934, as amended or such services that are otherwise reasonably related to the investment decision-making process. The Adviser does not receive research or any products or services other than execution from brokers or third parties in connection with client securities transactions, or have any 'soft-dollar' agreements to direct any client business to specific brokers in exchange for research or other services

However, larger dealers that specialize in Structured Products do have research departments that produce research that is made available to their clients. In addition, both larger brokerage firms and some smaller firms that specialize in a market can provide valuable insights that can help in portfolio and risk management, and can thus benefit MBS Mantra's clients.

The Adviser may pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with investment and research information that assist in the decision-making process, or pay higher commissions to such firms, if the Adviser determines such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial, and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants.

The Adviser is not required to weigh any of these factors equally. Information so received is in addition to and not in lieu of services required to be performed by the Adviser, and the Adviser's fee is not reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker-dealers used by the clients may be utilized by the Adviser or its affiliates in connection with its investment services for other accounts and, likewise, research services provided by broker-dealers used for transactions of other accounts may be utilized by the Adviser in performing its services for the clients. Since commission rates in the United States are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

The availability of these benefits may influence the Adviser to select one broker rather than another to perform services for the Clients. In other words, soft dollars can create a conflict of interest. Nevertheless, the Adviser will attempt to assure either that the fees and costs for services provided to the Fund by brokers offering these benefits are not materially greater than they would be if the services were performed by equally capable brokers not offering such services.

2. Brokerage for Client Referrals

The Adviser may receive client referrals from broker-dealers; however, the Adviser does not consider whether it receives client referrals when selecting a broker-dealer.

3. Directed Brokerage

The Adviser does not allow its clients to direct brokerage.

B. Aggregation of Orders

Transactions for each client will be executed independently of those for other clients, based on individual client requirements and constraints, unless the Adviser decides to purchase or sell the same securities for several clients at approximately the same time. The Adviser may (but is not obligated to) combine or "batch" such orders to obtain best execution, negotiate more favorable commission rates, or allocate equitably among clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Adviser will not receive any additional compensation or remuneration as a result of the aggregation. The Adviser will try to process all Account transactions in a timely manner, but does not represent or warrant that any such transaction will be processed or effected by the broker-dealer on the same day as requested.

Item 13 – Review of Accounts

A. Review of Client Accounts

The Adviser periodically reviews the Fund's portfolio for risk, performance, and suitability.

B. Frequency of Review

Such review will be done at least quarterly, or more frequently when market conditions dictate. Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's financial or personal situation.

C. Content and Frequency of Regular Reports

The Adviser provides the Clients with written, quarterly, unaudited performance information, describing the performance of the Client's portfolio, the mix of securities in the portfolio, and general commentary on the structured products markets. Each client also receives monthly account statements and individual trade confirmations from the custodian, and will have access to the same via the custodian's password protected website. Clients are also free to request more frequent reporting from the Adviser.

Item 14 – Client Referrals and Other Compensation

A. Other Compensation

No persons, other than clients, provide an economic benefit to the Adviser in exchange for providing investment advice or other advisory services to the Adviser's clients.

The Adviser does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

B. Client Referrals

The Adviser receives client referrals which may come from current clients, attorneys, accountants, employees, personal friends of employees and other similar sources. MBS Mantra does not currently compensate referring parties for these referrals.

It is possible, in the future, that MBS Mantra might engage and pay an outside party for referring investors to the Adviser. It is typical, in such arrangements, that the outside party will receive a finder's fee that is subject to future contingencies, including the performance of the amount invested by the Client.

Item 15 – Custody

It is MBS Mantra's policy to take all steps necessary to appoint an independent third party to be custodian taking control of the assets and to avoid taking actual control of any client's assets or becoming the custodian. There is no exception to this policy.

MBS Mantra does not take physical custody or act as custodian for client assets including cash, securities or other assets. As currently proposed, Hilltop Securities, Inc. ("Hilltop"), through brokerage accounts with NatAlliance Securities ("NatAlliance") will serve as the qualified custodian of the Client's assets. Clients will receive periodic account statements and trade confirmations directly from Hilltop. MBS Mantra has also identified other custodians should a client require additional or different custodians. In some cases, a client might request management of their existing portfolio, and provide discretion over their existing account at a different custodian.

Clients should carefully review all statements received from the Custodian and compare them to the periodic performance reviews received from MBS Mantra to ensure accuracy of all account transactions.

Item 16 – Investment Discretion

The Adviser has investment discretion to manage the Fund's assets. The Investment Management Agreement documents typically provide the Adviser with the ability to select securities to be bought and sold and to determine the amount of the transactions. The Adviser exercises its discretion in a manner consistent with the Clients' selected Strategies, investment goals, and objectives.

Item 17 – Voting Client Securities

The Adviser does not hold securities of the type that has voting rights, and that solicits proxies for meetings. Thus, as a matter of policy and practice, it does not vote proxies on its Clients' behalf. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. MBS Mantra may provide advice to clients regarding the clients' voting of proxies.

In the event that a security that a client owns does requires voting on, for example in connection with consent solicitations for amendments to the terms of certain securities, or as a consequence of a new strategy, MBS Mantra will vote on the client's behalf if such request is made in writing.

Item 18 – Financial Information

A. Prepayments

The Adviser does not require or solicit prepayment of more than $500 in fees per client, six months or more in advance.

B. Potential Financial Impairment

There is currently no financial condition which is reasonably likely to impair the Adviser's ability to meet its contractual commitments to its Clients.

C. Bankruptcy

The Adviser has never been the subject of a bankruptcy petition.

Item 19 – Requirements for State-Registered Advisers

A. Principal Executive Officers and Management Persons

The owner and investment officer of MBS Mantra is Samir B. Shah. Please refer to Form ADV Part 2B for details of Mr. Shah's education and business background.

B. Business activities other than Investment Advice

Neither MBS Mantra, nor any of its management persons have any outside business activities that they are actively engaged in.

C. Compensation for Advisory Services with Performance-Based Fees

Please refer to Item 5 for a description of such performance-based fees and computations of these fees.

Performance-based fees may create an incentive for the Adviser to recommend investments that may carry higher degrees of risk to the client.

D. **Neither MBS Mantra, nor any of its management persons, has ever been found liable or had awards assessed against them, in any arbitration claims or in any civil, self-regulatory organization, or administrative proceedings.**

E. **Neither MBS Mantra, nor any of its management persons, has any relationship or arrangements with any issuer of securities that is not listed in Item 10.C of Part 2A.**

Form ADV Part 2B - BROCHURE SUPPLEMENT

Samir B. Shah

Managing Member, Portfolio Manager

MBS Mantra, LLC

November 15, 2017

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Item 1 – Cover Page

This Brochure supplement provides information about Samir B. Shah ("Mr. Shah") that supplements MBS Mantra, LLC's Brochure. You should have received a copy of that Brochure. Please contact Mr. Shah if you did not receive MBS Mantra, LLC's Brochure or if you have any questions about the contents of this supplement.

Additional information about Mr. Shah is available on the SEC's website at www.adviserinfo.sec.gov. Mr. Shah's CRD # is 1742813.

Item 2 – Educational Background and Business Experience

Samir Bhagwandas Shah
Born, 1962

Education:

1981-1982:	**Sydenham College, University of Bombay, India: student in Commerce and Economics**
1982-1985:	**Rutgers College, Rutgers University: BA in Economics, with Highest Honors**
1985-1987:	**Graduate School of Business (now "Booth"), University of Chicago: MBA in Finance**

Business Experience:

Mr. Shah has been employed in the financial services industry since 1987, starting at Merrill Lynch in the Fixed Income Research Department as a Futures and Options research analyst. In 1988, he joined Morgan Stanley & Co., where he was an MBS Research Analyst. In 1992, he joined Nomura Securities International as the Senior Mortgage Strategist, and headed the MBS Strategies Group.

In 1995, he moved into MBS Sales and Trading, and has been an MBS Salesperson and Trader since, tasked with covering institutional customers, including many of the largest money managers, insurance companies, banks, private equity, and hedge funds. He has worked at a number of broker-dealers as an Institutional Salesperson, and at others in dual Sales and Trading roles. These include Amherst Securities (1997-2005), Cantor Fitzgerald & Co (2005-2007), MF Global (2007-2010), Seaport Securities (2011), Tejas Securities (2011-2012), Gleacher & Co. (2012-2013), and First Liberties Financial (2013-2015).

In 2007, he proposed, started and built the ABS-MBS desk at MF Global Inc., where he hired and managed a team of salespeople and traders, and both traded and sold securities to institutional clients.

Over the course of his career, Mr. Shah has specialized in, and has researched, and traded most types of Structured Products, including MBS, RMBS, CMBS, ABS, CMOs, CMO derivatives, etc. He has also been investing personally in many of these types of securities.

Item 3 – Disciplinary Information

Mr. Shah has not been the subject of any material legal or disciplinary event that involved arbitration, civil litigation, any self-regulatory organization, or administrative proceeding which he would be required to disclose.

Item 4 –Other Business Activities

A. Investment Related Business

Mr. Shah is not actively engaged in any other investment-related business or occupation, and is not registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant (“FCM”), commodity pool operator (“CPO”), commodity trading advisor (“CTA”), or an associated person of an FCM, CPO, or CTA.

B. Other Businesses

Mr. Shah has no other businesses or occupations for compensation that are not discussed in Item 4.A, or any other business activities that provide a substantial source of Mr. Shah’s income or involve a substantial amount of Mr. Shah’s time.

Item 5 – Additional Compensation

Mr. Shah does not receive economic benefits from any non-clients in exchange for advisory services.

Item 6 – Supervision

Mr. Shah is self-supervising, as he is the only licensed and registered individual associated with MBS Mantra.

Item 7 – State-Registered Advisers

Mr. Shah has not been involved in any of the events listed below:

- An award or otherwise being found liable in an arbitration claim alleging damages in excess of $2,500 or an award or otherwise being found liable in a civil, self-regulatory organization , or administrative proceeding involving any of the following:
- an investment or an investment-related business or activity
- fraud, false statement(s), or omissions
- theft, embezzlement, or other wrongful taking of property
- bribery, forgery, counterfeiting, or extortion
- dishonest, unfair, or unethical practices

Mr. Shah has never been the subject of a bankruptcy petition.