

## **Part 2A of Form ADV: *Firm Brochure***

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This Brochure provides information about the qualifications and business practices of The Concord Advisory Group, Ltd. (hereinafter “CAG or “firm” or “we”). If you have any questions about the contents of this Brochure, please contact Scott Santin, Chief Compliance Officer, at 609-987-9000 or by e-mail at [ssantin@concordadvisory.com](mailto:ssantin@concordadvisory.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

CAG is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about CAG also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for CAG is 107291.

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## **Item 4 – Advisory Business**

### **FIRM STRUCTURE**

The Concord Advisory Group, Ltd. (CAG) was established in 1988 to provide investment consulting services to institutions. CAG currently has a total of 22 full time employees, including eight investment consultants. The remaining 14 employees consist of research, analytic, and administrative personnel. All staff is located in CAG's sole office in Princeton, NJ.

CAG is independently owned and operated and does not have affiliations with any other firm, either on an operational or ownership basis. CAG is not a broker dealer, nor does the firm have an affiliation with any broker dealer. CAG only provides investment advice; we do not manage any client assets, nor do we hold custody over any client assets. CAG has approximately \$8 billion in assets under supervision.

CAG was incorporated in New Jersey in 1990 and is owned by Christopher E. Cahill, Principal (42.50%) and Scott Santin, Principal, Chief Compliance Officer (42.50%). Other employees own a minority interest (15%) of the firm.

CAG is a registered investment advisor with the SEC and we consider ourselves as co-fiduciaries with our clients.

### **FIRM SERVICES**

CAG provides several advisory/consulting services separately or in combination. The primary clients for these services are: pension, 401(k) and profit sharing plans; corporations, healthcare and insurance companies; charitable organizations, endowments and foundations, religious organizations; family offices. Consulting services are comprised of four distinct services. Clients may choose to use any or all of these services.

#### **1. Investment Policy Statement Preparation (hereinafter referred to as "IPS"):**

CAG develops a client's policy by first determining the clients need(s) for the funds (i.e. liabilities) and when these needs will occur. From here, client risk tolerance is determined, not only in terms of how much volatility a client can tolerate financially, but also how much volatility can be tolerated emotionally. These factors drive the asset allocation process, in which appropriate asset classes are determined, along with the proper weighting among asset classes. CAG will then prepare a written IPS stating those needs and goals and encompassing a policy under which these goals are to be achieved. The IPS will also list the criteria for selection of investment vehicles and the procedures and timing interval for monitoring of investment performance.

The following issues are covered in a typical IPS:

- Purpose, needs, and time horizon of the investment assets
- Responsibilities of interested parties
- Risk / Return expectations
- Asset allocation targets and ranges
- Investment guidelines for each asset class
- Performance Benchmarks
- Risk Controls

## 2. Asset Allocation:

CAG will provide assistance to clients in formulating long-term, strategic asset allocation plans. Based on a client's underlying liability structure, we conduct asset allocation optimization and modeling. The output of the process sets the parameters for the future risk and return expectations. CAG's asset allocation recommendations are formulated utilizing our firm's capital market / asset class risk and return assumptions. Our capital market assumptions models take into consideration both long term historic index return data for the asset classes being utilized in the modeling scenarios, as well as current forecasted economic and market conditions (typically 1 - 5 years). Most of this data is derived from consensus forecasts gathered through leading global economic and research-oriented investment management firms. CAG will typically illustrate optimizations using both short term and long term data. This allows clients to view both long term norms and near term projections, and set their expectations accordingly. CAG revisits our capital market assumptions every three months. We believe in keeping the models fairly consistent, and adjusting the data when needed. Our Investment Strategy Group ("ISG") develops "model" allocations for various types of clients. These models are reviewed and updated on a quarterly basis. All ISG models are incorporated into client customized recommendations by the Lead Consultant.

## 3. Selection of Investment Vehicles and Managers:

***Prospective clients should note that all investment strategies involve risk. Investing in securities, including mutual funds, involves risk of loss of both income and principal which clients should be prepared to bear.***

CAG will review various investments (typically consisting of mutual funds, commingled trusts, limited liability companies and private partnerships) and independent third-party money managers, to determine which of these investments and managers are appropriate to implement the client's IPS. The number of investments and managers to be recommended will be determined by the specific client situation, based on their IPS and CAG's asset allocation recommendations. We do not charge a fee for selecting managers when CAG is engaged in a full service general or strategic advisory consulting capacity. Please see Item 5 - Fees and Compensation.

In performing an asset manager search for a client, our firm utilizes both quantitative, as well as qualitative criteria in selecting finalists for our clients to interview. The quantitative criteria include such items as long-term performance, consistency of returns, risk characteristics, a review of the investment manager's overall performance in both up and down markets, and their performance versus benchmarks. The qualitative criteria include strength of personnel, structure of investment process, client servicing and pricing. In conducting an asset manager search CAG will run preliminary screens from both internal and external databases. We will rank finalist firms based on the "best client fit."

CAG does not have discretionary authority to hire or fire managers. We only recommend managers to our clients that pass our selection criteria. The client, in consultation with our firm, is responsible for the final hiring or firing decision.

CAG bases its asset manager research on data from outside vendors, such as eVestment Alliance and Morningstar Direct, and, as such, we rely on the accuracy of their data. Clients should also be aware that past manager performance/returns does not guarantee future performance. Please see below for CAG's ongoing monitoring of asset managers.

#### 4. Monitoring of Investment Performance and Managers:

Client investments will be monitored continuously based on the procedures and timing intervals delineated in the client's IPS. Our consulting staff will supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

Our analytical staff completes our portfolio analytics work in conjunction with our research staff. CAG employs a full suite of portfolio analytics, both in terms of holdings-based analysis and returns-based analysis. We use these tools to analyze performance attribution, style drift, and study short and long term performance patterns or cycles. In addition to operating and maintaining our proprietary system, CAG utilizes software services from Morningstar and Ibbotson for asset allocation, style analysis, and performance attribution. In addition to downloading monthly and quarterly manager information to our database, all managers in which CAG's clients are actively engaged also receive a questionnaire that they are required to complete on a quarterly basis. This questionnaire covers performance, organizational changes, and investment process. CAG uses this information received directly from the managers to verify the information housed within our proprietary database.

Our research staff conducts ongoing due diligence meetings with managers each year. At a minimum, our analysts perform on-site annual due diligence meetings for actively monitored managers that invest client assets. These meetings offer the opportunity to speak face-to-face with key decision-makers at the firm, including portfolio managers, analysts, operations, and compliance personnel. Annual on-site meetings are supplemented by manager meetings at our office as well as conference calls throughout the year.

Our firm utilizes a "Degree of Concern" ranking for monitoring asset managers. We may recommend that a manager be terminated or placed on a formal watch list (under review) depending on the circumstances. The basic causes of an increase in our degree of concern can be boiled down to one or a combination of the following scenarios: performance-related, key personnel departures from the investment team, organizational concerns/uncertainty, and a weak investment process/changes to the investment process.

If we recommend that a manager should be terminated, we will assist in selecting a new registered investment manager. However the move to a new investment manager and/or program is at the discretion of the client.

## Item 5 – Fees and Compensation

Under no circumstances will CAG earn fees in excess of \$1,200 more than six months in advance of services rendered.

### **GENERAL CONSULTING SERVICES:**

The specific manner in which fees are charged by CAG is established in a client's written engagement letter with CAG. Typically the annual fee for General Consulting Services is 0.10% of client assets, with a minimum fee of \$25,000. Fees are negotiable based on portfolio size and complexity. Clients will be invoiced in arrears at the end of each calendar quarter or monthly as agreed to at the start of the relationship. Fees will be based upon the value of the portfolio at the end of the previous calendar year (or most recent quarter for new engagements). Fees will not be adjusted based on additions and withdrawals during the year. CAG's general consulting services fee includes all the firm services listed in Item 4 - Firm Services.

### **STRATEGIC ADVISORY SERVICES:**

Where appropriate, CAG offers certain clients a more streamlined delivery option for its services. The Strategic Advisory Service (SAS) offers clients the option of utilizing CAG, under pre-approved guidelines, for all day-to-day tactical allocation and manager selection decisions. It should be noted, that the SAS remains non-discretionary. The service does not give our firm the ability to make trades on behalf of the client. The function of the SAS is to remove tactical decisions, including asset allocation and manager selection, from the client's Investment Committee. All of our portfolio recommendations are approved by authorized client representatives prior to execution. The annual fee for SAS is 0.25% of client assets, with a minimum fee of \$25,000. This annual fee covers all the firm services listed in Item 4 - Firm Services. Fees are negotiable based on the portfolio size and complexity. Clients will be invoiced at the end of each calendar quarter or monthly as agreed to at the start of the relationship. Fees will be based upon the value of the portfolio at the end of the previous calendar year, or quarter, depending upon date of engagement. Fees will not be adjusted based on additions and withdrawals during the year.

### **PROJECT BASED CONSULTING SERVICES:**

Where appropriate, CAG offers certain clients a project-based pricing option for its consulting services. This a la carte option only includes the service detailed in the Client's engagement letter.

**Fee Calculation:** CAG's General Consulting and SAS consulting fees will be based upon the market value of the client's portfolio at the end of the previous calendar year (or most recent quarter for new engagements). Fees will not be adjusted based on additions and withdrawals during the year. The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Advisers Act). CAG's fee for Project Based Consulting will be specified in the client's engagement letter and will be based on the project's complexity.

**Fee Payment:** Clients will be invoiced in arrears at the end of each calendar quarter or month end as agreed to at the start of the relationship.

**Negotiability of Fees:** In certain circumstances, all fees and account minimums may be negotiable.

**Termination:** A client agreement may be cancelled at any time, by either party, for any reason upon receipt of 30 days written notice to Scott Santin, Chief Compliance Officer, at the company's address listed on the cover page. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

**Management Fees and Other Expenses:** All fees paid to CAG for investment advisory services are separate and distinct from the fees charged by any money manager selected to manage any portion of the clients' account. Each money manager's fees are described in its Form ADV, Part 2A. In addition, all fees paid to CAG for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. Accordingly, the client should review both the fees charged by the funds and the fees charged by CAG to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. In addition to CAG's advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s).

**ERISA Accounts:** CAG is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, CAG may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees,

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

CAG does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

CAG provides institutional investment consulting services to approximately 80 clients, and has approximately \$8 Billion in assets under supervision. CAG's clients consist of pension, 401(k) and profit sharing plans; corporations, healthcare and insurance companies; charitable organizations, endowments and foundations, religious organizations; family offices.

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

In developing our recommendations for our clients, we take into consideration quantitative, fundamental and traditional economic analysis factors. Our primary areas of research are Asset Class / Allocation and Investment Manager. Our Asset Class / Allocation research process takes into consideration the attractiveness of various asset classes, both on a historic basis as well as relative to each other. We will utilize historical pricing relationships of asset classes to determine relative attractiveness, as well as quantitative fund flow analysis. Our Investment Manager research relies on multiple quantitative factors including performance, risk and peer group rankings. Additionally, qualitative due diligence assessments are made by our research analysts for all managers.

Our asset class research is utilized to develop long-term strategic asset allocation, as well as more short-term tactical recommendations. Our investment manager research is utilized to identify independent managers or funds that we believe have the ability to generate competitive performance in their specific area of expertise.

CAG's Investment Strategy Group meets monthly to discuss the current market environment and how it impacts our current capital market assumptions. When developing our outlook, CAG looks beyond the factors we model and monitor internally by also surveying the outlooks of leading, research oriented investment managers. Doing so allows CAG to develop a well rounded view of the marketplace when developing asset allocation recommendations. Please see Asset Allocation in Item 4- Firm Services.

***Risks for all forms of analysis:*** Our analytical methods rely on the assumption that the companies whose information we purchase, the rating agencies that review investment managers and securities, and other publicly-available sources of information about investment managers and securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of CAG or for evaluating the integrity of CAG's consultants. CAG has never been involved in any legal proceedings in the 20 year history of the company. None of the company's officers, consultants or other employees have been the subject of any disciplinary actions by the SEC. No CAG employees have been in violation of CAG's Code of Ethics and Compliance Manual.

## Item 10 – Other Financial Industry Activities and Affiliations

CAG's Code of Ethics is structured and enforced such that client interests are the first priority for all of our associates and the firm. CAG does not conduct any type of business with the asset management community. No employees of CAG are registered as a broker-dealer, nor are we registered representatives of any broker-dealer. CAG has no affiliations with any other financial advisors, investment companies or other



pooled investment vehicles (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund).

One hundred percent of our firm’s revenues are from advisory fees paid by our institutional clients

### **Item 11 – Code of Ethics**

CAG has adopted a Code of Ethics which sets forth high ethical standards of business conduct and fiduciary duty to our clients that CAG requires of its employees. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of any gifts valued more than \$100 and personal securities trading procedures, including compliance with applicable federal securities laws. All supervised persons at CAG must acknowledge the terms of the Code of Ethics annually, or as amended. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by CAG’s access persons. Among other things, CAG’s Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code provides for oversight, enforcement and record keeping provisions. A copy of CAG’s Code of Ethics and compliance manual is available at any time to CAG clients or prospective clients. The request should be submitted to the Chief Compliance Officer, Scott Santin, at the company’s address listed on the cover page.

### **Item 12 – Brokerage Practices**

CAG does not receive any soft dollar benefits from investment managers or custodians. One hundred percent of our revenue comes from advisory based fees. CAG does not recommend brokers/dealers to our clients. The choice of broker/ dealer is left to the discretion of each asset manager who ensures the best execution and best pricing.

### **Item 13 – Review of Accounts**

REVIEWS: CAG will review client investment policy statements whenever clients indicate a change in circumstances regarding the needs of the plan. CAG will also review the investment options of the plan according to the agreed upon time intervals established in the investment policy statement. Such reviews will generally occur quarterly when client reports are prepared. Each calendar quarter the consultant files for each client are reviewed to ensure notes on meetings and client activity are properly recorded, and that client tasks have been completed. All such reviews will be conducted by the Lead Consultant assigned to advise each client.

REPORTS: CAG clients will receive written reports as contracted in their engagement letter at the inception of the advisory relationship. These reports will typically include: Analysis of Manager Compliance with Plan Investment Policy and Objectives; Performance Analysis; Asset Diversification Analysis; Areas of Concern. Client reports are compiled by CAG’s Analysts and Consultants and reviewed by the Lead Consultant

assigned to each client. CAG clients will also receive monthly/quarterly statements from their custodians and managers. Please see Item 15 - Custody.

#### **Item 14 – Client Referrals and Other Compensation**

It is CAG's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

From time to time and on an informal basis, independent money managers CAG has recommended for client accounts may, as they believe appropriate, refer prospective clients to CAG. CAG has not and will not, make commitments to any such manager to compensate that manager directly or indirectly through future recommendations made to clients.

#### **Item 15 – Custody**

CAG does not maintain custody of any client assets. Clients should receive at least quarterly statements from the broker/dealer, bank or other qualified custodian that holds and maintains the client's investment assets. CAG urges their clients to carefully review such statements and compare such official custodial records to the client reports that we provide to clients.

#### **Item 16 – Investment Discretion**

CAG does not trade securities on behalf of clients. CAG does not make buy and sell recommendations on individual securities. CAG is not provided discretionary authority for the client, as stated in the engagement letter. Third party managers hired by the client may have discretionary authority. In all cases, however, the manager/broker's investment discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. The client retains all authority for hiring and firing investment managers. CAG will review the client's investment manager(s)' accounts, as specified upon client engagement, to ensure they are conforming to the client's investment policy objectives. A client's investment policy guidelines and restrictions must be provided to CAG in writing.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, CAG does not vote proxies; our firm may provide investment advisory services relative to client voting of the proxies. Clients maintain exclusive responsibility for 1) directing the manner in which proxies solicited by issuers are voted and 2) making all elections relative to mergers, acquisitions, tender offers, bankruptcy proceedings or other types of events. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relevant to the client's investment assets.

**Item 18 – Financial Information**

Under no circumstances does CAG require or solicit payment of fees in excess of \$1200 per client, more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

CAG has not been the subject of a bankruptcy petition at any time during the past ten years.