

Part 2A of Form ADV: Firm Brochure



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This brochure provides information about the qualifications and business practices of Newfound Research LLC. If you have any questions about the contents of this brochure, please contact us at (617) 531-9773 or tom@thinknewfound.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.

Newfound Research LLC is a registered investment adviser. Additional information about Newfound Research LLC is available on the SEC's website at www.adviserinfo.sec.gov. One's status as a "registered investment advisor" does not imply a certain level of skill or training.

Item 2- Material Changes

None.

Item 3- Table of Contents

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Item 4- Advisory Business

Newfound Research LLC (“Newfound”) is a financial technology and product innovation firm enabling rule-based, behavior-driven investment strategies. Newfound creates and customizes for its clients multi-asset portfolios based on its proprietary intellectual property and analytics. Its clients are comprised of mutual fund families, sponsors of separately managed accounts and unified managed accounts, and institutional investors, who act as the “sponsors” to the investment strategy. These investment strategy sponsors make Newfound’s investment strategies available to financial advisers, other intermediaries and investors, utilizing Newfound’s clients’ marketing and distribution resources. Newfound’s expertise is in the creation and development of customized investment strategies for its institutional clients, while employing input from each client. Newfound does not conduct business directly with individual, retail investors.

Newfound was founded in August 2008 as a Delaware limited liability company in connection with licensing of data from its flagship, proprietary quantitative model to a third-party, which became its first client. Initial research and development of Newfound’s algorithms began in 2007 by Corey Hoffstein, Newfound’s co-founder and chief investment officer and the sole architect of the core technology and models. Newfound’s owners are Corey M. Hoffstein (through his wholly owned company, Newfound Holdings LLC), David J. Morton and Thomas B. Rosedale.

Newfound believes that a dynamic, quantitatively-driven process facilitates long-term consistency and success in both investment performance and risk-management. The foundation of Newfound’s process is its philosophy of “*quantitative integrity*”TM, Newfound’s belief that success is achieved through a balance of quantitative analytics and qualitative insight. Newfound’s goal is to deliver investment strategies and tools to its institutional clients to allow investors to meet their unique needs and risk preferences. Newfound’s methodology for achieving this mission is to employ quantitatively-enabled strategies, which are rule-driven and whose designs require both quantitative depth and qualitative insight, whereby data never trumps insight, but theories must always be supported by data.

Newfound’s investment strategies rely on Newfound’s proprietary models, utilizing momentum and other factors to generate views on securities and apply them in a rule-based, disciplined and systematic process. Systematic research is a critical part of Newfound’s business and its investment strategy design. Newfound designs, develops and manages quantitative technologies and analytics and then utilizes data from these technologies to power its rule-based investment strategies, which are often delivered in the form of model portfolios.

Newfound’s core technology creates a “dynamic window” for use in absolute momentum, relative momentum, and other quantitative strategies that rely on historical information to create the dynamic window. The technology considers the following factors:

1. Changes in price to measure speed and magnitude of directional movement (i.e. the trend, or “signal”);
2. A proprietary measure of volatility that captures intraday volatility (i.e., the “noise”); and
3. Changing levels of volatility (or “vol. of vol.”) used to measure the stability of the “signal-to-noise” ratio.

Newfound initially became known for its absolute exposure recommendations (signals) on the U.S. sectors that were generated by its proprietary models and used by certain of its clients, including Copeland Capital Management LLC, which manages (x) the Copeland Risk Managed Dividend Growth Fund (CDGRX) (the “Copeland Fund”) (launched in December 2010) and (y) the Katama Capital Fund, L.P. (a hedge fund launched in March 2012).

Newfound’s services are custom-tailored to the needs and requests of each client. Newfound’s clients often act as “sponsors” of Newfound’s investment strategies. Newfound’s investment strategies sometimes carry the “Newfound” name or the investment strategy sponsor may otherwise utilize the Newfound name in connection with its marketing of the investment strategy. Other times its clients opt to white label the investment strategy – utilizing their own name or product-suite name in connection with the investment strategy and not utilizing Newfound’s name with the investment strategy or its marketing. The design and customization of investment strategies is performed by Newfound through collaboration with each client. Investment strategies created by Newfound employ repeatable quantitative processes designed to enable long-term behavioral consistency. For each investment strategy, a goal or desired behavior is identified. For example, (i) the Copeland Fund, which invests in domestic “dividend achiever” equities chosen by its portfolio managers, has a goal of relative performance in a bull market and absolute performance in a bear market. To achieve this goal, Copeland employs Newfound’s S&P sector signals to determine which sectors are identified as investible and non-investible at a given time, managing risk by, among other things, avoiding sectors with a negative exposure recommendation and reallocating to investible sectors or building a cash position. By comparison, the Virtus Disciplined Equity Style Fund’s goal is to outperform the Russell 3000® Index over full market cycles by identifying and capturing relative outperformance trends between the growth and value equity styles.

All research and development is conducted internally by Newfound’s product development and quantitative strategies group. These individuals invest a significant amount of time and resources in developing, testing and utilizing new investment strategies and Newfound’s intellectual property, which includes its core, flagship algorithms.

Newfound’s technology is applied in many ways in the investment strategy construction and management processes, including:

- Exposure RecommendationsTM – Newfound’s proprietary signals, including:
 - Absolute Exposure RecommendationsTM – These are binary outputs recommending exposure or no exposure to a stock, index, mutual fund, ETF or other security (e.g., Do Newfound’s algorithms recommend investing in the financial sector ETF or holding cash?). This technology is used in several of Newfound’s clients’ investment strategies, including in connection with the Copeland Fund.
 - Relative Exposure RecommendationsTM – These are binary outputs recommending exposure to one stock, index, mutual fund, ETF or other security versus another (e.g., If determining whether to make an investment in ETFs representing growth stocks or ETFs representing value stocks, the Newfound technology will make a recommendation as to which style will likely outperform the other). This technology is used in several of Newfound’s clients’ investment strategies, including the Virtus Disciplined Equity Style Fund and the Virtus Disciplined Select Bond Fund.
- Path Priority OptimizationTM – This technology is Newfound’s proprietary portfolio optimization engine, designed to address the shortfalls Newfound perceives in traditional portfolio allocation techniques. This technology is used by client investment strategies, including by IronGate Investment Management LLC in connection with a managed volatility strategy designed for IronGate.

Newfound’s offerings include:

- Customized investment strategy development utilizing proprietary research and intellectual property;
- Data provision from its proprietary quantitative algorithms; and
- Analytics licensing to construct and manage dynamic strategies.

Newfound’s clients receive output from Newfound in the form of either a model portfolio or raw data from Newfound’s algorithms (e.g., a recommendation to buy or sell a particular security), which is delivered directly from Newfound (“pushed” from Newfound to the client). No client accesses the underlying code to Newfound’s proprietary algorithms, and, as Newfound considers its algorithms to be trade secrets, Newfound takes great efforts to maintain the confidentiality of the underlying code to its technology.

Newfound does not participate in a wrap fee program. Newfound does not manage any client assets. Newfound receives a percentage fee based on its client’s assets under management or advisement for those portfolios or investment strategies utilizing its data or services or which are otherwise subject to agreements with Newfound.

In October 2012, Newfound and Virtus Investment Partners Inc. (“Virtus”) partnered and collaborated to establish Newfound Investments, LLC, a Delaware limited liability company jointly owned by Newfound and Virtus – 51% of which is owned by Virtus and 49% of which is owned by Newfound (the “Newfound/Virtus Company”) (IARD/CRD Number: 165574). The Newfound/Virtus Company is an investment manager that expands Virtus’ offerings of innovative investment solutions by adding disciplined, rule-based strategies to manage a variety of asset classes. Newfound, in collaboration with Virtus, initially created three new investment strategies as part of the Virtus Disciplined suite of funds (the first three funds of which are (i) Virtus Disciplined Equity Style Fund (which has an investment objective of capital appreciation and seeks to deliver the returns of the Newfound Equity Style Total Return Index (Nasdaq: NESX)), (ii) Virtus Disciplined Select Country Fund (which has an investment objective of capital appreciation and seeks to deliver the returns of the Newfound Select Country Total Return Index (Nasdaq: NSCX)) and (iii) Virtus Disciplined Select Bond Fund (which has an investment objective of high total return from current income and capital appreciation and seeks to deliver the returns of the Newfound Select Bond Total Return Index (Nasdaq: NSBX))). The funds were launched on December 18, 2012 as open-ended mutual funds by the Newfound/Virtus Company. Corey Hoffstein, chief investment officer and chief technology officer of Newfound, serves as portfolio manager for these funds and as chief investment officer of the Newfound/Virtus Company. Tom Rosedale, Newfound’s chief executive officer and chief compliance officer, serves as a member of the board of managers of the Newfound/Virtus Company. Newfound licenses data from its algorithms and technology to the Newfound/Virtus Company for use in connection with the Newfound/Virtus Company’s investment strategies.

Item 5- Fees and Compensation

Newfound’s standard fee schedule is as follows:

- | | |
|---|----------------------|
| 1. License of data only: | 20 - 35 basis points |
| 2. License of investment strategy
(model portfolio/data): | 35 - 60 basis points |
| 3. License of investment strategy
(model portfolio/data) (with exclusivity): | 40- 60 basis points |

Fees are generally billed in arrears and paid monthly or quarterly. In addition, in the future, Newfound may serve as a sub-advisor in connection with mutual funds, in which case it expects its fee will be approximately 50% of the advisory fee. In cases where Newfound serves as sponsor of model portfolios, it expects its fees will range between 40 and 60 basis points. Newfound does not collect fees in advance. Fees are negotiated on a case-by-case basis.

Newfound’s fee arrangements, which typically are based on a percentage of assets under management or advisement, include:

- Increasing basis points as time passes;
- Increasing or decreasing basis points as asset levels rise;
- Set-up / implementation fees;
- Support and maintenance fees for the provision of technology services;
- Licensing fees;
- Fees to obtain or maintain exclusivity; and
- Distribution of profits from Newfound Investments, LLC or other entities in which Newfound has an ownership interest.

Typical factors considered by Newfound in determining fees to be charged to a client, which may result in fees in excess of the above standard fee schedule, include:

- The type of investment strategy desired by the client;
- The type and amount of the Newfound's intellectual property used in the investment strategy;
- The scope of exclusivity, if any;
- The scope of the license relating to the amount and type of data and how it can be used by the client;
- The type of investment product (such as mutual fund, separately managed account or a hedge fund) and the amount of fees payable by an investor in the investment products;
- The proportion of overall investment strategy that Newfound's contribution represents (in the case where, for example, a fundamental portfolio manager is involved in making investment decisions); and
- Whether a client has an existing asset base for the investment strategy.

Several of the contracts that Newfound entered into with its clients require a minimum level of assets invested in the investment strategy developed and licensed by Newfound in order for the client to maintain a license to the investment strategy and data from Newfound, or, in certain cases, to maintain exclusivity to the investment strategy.

No officer, partner, director, employee or other person who provides investment advice on behalf of Newfound accepts compensation for the sale of securities or other investment products from Newfound's clients. Newfound does not hold securities or facilitate the purchase of securities. Some of Newfound's owners have made personal investments in Newfound's clients' investment strategies and may hold investments in one or more of Newfound's clients' businesses.

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

Newfound does not collect performance-based fees, but may consider doing so in the future.

Item 7- Types of Clients

Newfound develops dynamic investment strategies, provides data, and licenses analytics to asset managers and financial institutions. Newfound does not conduct business directly with individual investors. Newfound seeks to work with clients who are believed to have the capacity to develop and distribute investment products with larger asset targets.

Newfound collaborates with its clients, which serve as investment strategy sponsors (each, a “Sponsor”), typically mutual fund families, managers of mutual funds, boutique asset management firms and managers of hedge funds, to research, develop, design, build and manage customized multi-asset portfolios based on Newfound’s intellectual property, including Newfound’s proprietary algorithms, models, research, trade secrets and technology. In these cases, Newfound often acts as a “model manager”, where its obligation is to create and disseminate model portfolios to the Sponsor. The model portfolios and the recommendations implicit in the model portfolios generally are not tailored to the specific needs or circumstances of the Sponsor’s client. The Sponsor typically has the advisory relationship with the investor. As between Newfound and the Sponsor, the Sponsor is responsible for making investment decisions for the investors, and for determining if adherence to the model portfolio recommendations is appropriate for each individual investor. Typically, the Sponsor has sole authority and responsibility for implementing the model portfolios for its client accounts. The Sponsor is responsible for understanding and evaluating each investor’s identity, circumstances, financial condition, portfolio holdings, tax situation, regulatory status, financial needs and goals, and to make determinations as to whether a model portfolio provided by Newfound is appropriate for each potential investor, and to report and communicate with the investors as to their investments.

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

All Newfound investment strategies are rule-based, quantitative enabled and powered by data and signals from Newfound’s technology. The “rules” of each investment strategy are established by Newfound in consultation with its clients and address the type and universe of securities to buy or sell, the frequency and timing of rebalancing, the percentage or amount of a security to hold, what to buy or sell and other such considerations. Newfound’s technology is utilized in investment strategy construction and to provide data useable for allocation decisions by Newfound’s clients. Historically,

data generated from Newfound's models were used by clients as building blocks for their development of dynamic investment solutions. All investment recommendations provided to clients are derived from Newfound's proprietary algorithms.

Method of Analysis/Investment Strategies

Newfound's core algorithms work by analyzing a security's time series, creating metrics for price change, volatility, and change in volatility. These metrics are used to define the current environment and expected normal behavior for the security. Newfound's technology then constructs an "Adaptive Event Window", identifying the amount of information the model will use to determine the true underlying trend of the security. Depending on the market environment or the current behavior model, this window will change in size. Once the Adaptive Event Window has been constructed, the model seeks to identify the significant data points within the window that will be used to construct the true underlying trend. These significant data points are identified to seek to remove day-to-day noise from the time-series. Using the significant data points, the model of the underlying trend is constructed. The orientation and persistence of this underlying trend provides the ultimate signal as to whether the model recommends exposure to the security. The algorithm then produces a binary output recommending exposure or no exposure in the case of Newfound's absolute exposure recommendations (e.g., if determining whether to make an investment in the financial sector ETF or hold cash, the Newfound technology will make a recommendation as to whether to purchase the financial sector ETF or simply maintain a cash position), or a recommendation as to which security to which one should have exposure when comparing one security to another in the case of Newfound's relative exposure recommendations (e.g., if determining whether to make an investment in ETFs representing growth stocks or ETFs representing value stocks, the Newfound technology will make a recommendation as to which security will likely outperform the other). As the time series changes, so will the Adaptive Event Window, the significant data points and the resulting underlying trend (i.e., the exposure recommendation may change based on the new data).

Newfound's proprietary model focuses on different information depending on market conditions. For example, in "slow" markets, Newfound's technology recognizes that investors tend to focus on a greater horizon of information, using multiple quarters of financial information to make their forecasts. In "fast" markets, investors heavily focus on the most recent information. An example of a "slow" market was the U.S. market in 2005, where investors generally considered information over a fairly long time horizon in making an investment, while 2008 was a "fast" market, where investors generally considered information over a very short time horizon in making an investment decision (as information from prior quarters or years was no longer relevant). Newfound's algorithms seek to distinguish between market environments to determine the information that should be carefully scrutinized in making exposure recommendations.

Risks

Any investment in securities involves a risk of loss. Anyone choosing to adopt Newfound's recommendations, model portfolios or investment strategies should be prepared to bear any loss that might occur. More specific risks associated with Newfound's model portfolios, investment strategies and technology are outlined below.

Model Risk: All quantitative analysis carries a risk that the mathematical model used might be based on one or more incorrect assumptions. For example, Newfound's model is based on the premise that price and volatility are significant factors in distinguishing event windows and approximating market sentiment.

Data Risk: Newfound's system relies on the cleanliness and accuracy of the data (such as stock prices) that are input into Newfound's algorithms to generate exposure recommendation signals. If input data is inaccurate, then the data output will be similarly tainted. As such, live, current data is inherently more reliable than back-tested results.

Hacking Risk: Despite the precautions and security measures Newfound employs, there is a risk that unauthorized outside interference with the technology's programming or distribution method could impair its functioning.

Quantitative Risk: There is a risk that rapidly changing and unforeseen market dynamics could lead to a decrease in short term effectiveness of the model.

Macroeconomic Risk: Unusual events, such as those resulting from shifts in geo-political, systematic, economic, or social conditions may result in abrupt changes to a security's price, which could upset the model's ability to make accurate exposure recommendations.

Use of Data Risk: There is a risk that data provided by Newfound, once received, will not be utilized by Newfound's clients in the optimal manner.

Operational Risk: Newfound has developed systems and procedures to control operational risk. Operational risks may cause Newfound to suffer financial loss; the disruption of its business; liability to clients or third parties; regulatory intervention; or reputational damage. Newfound relies heavily on its intellectual property, including its algorithms.

Trading Decisions Based on Quantitative and Other Analysis: Newfound's investment recommendations are based on quantitative signals, other analyses and the established rules for the particular investment strategy. Any factor that would lessen the prospect of major trends occurring in the future may reduce the prospect that a particular trading method or strategy will be profitable in the future. No assurance can be given that Newfound's strategies will be successful under all or any market conditions.

Strategy Risk: Newfound's strategies are unlikely to be successful unless the assumptions underlying the models used to implement investment strategies and the established rules of Newfound's investment strategies are realistic and remain realistic

and relevant in the future. If such assumptions are inaccurate or become inaccurate and are not promptly adjusted, it is unlikely that reliable signals will be generated. If and to the extent that the models and investment strategies do not reflect correct assumptions, Newfound will continue to test, evaluate and create new models.

Crowding/Convergence: There is significant competition among quantitatively focused managers, and Newfound's ability to deliver returns that behave and perform as expected is dependent on its ability to employ models that are simultaneously profitable and differentiated from those employed by other managers. To the extent that Newfound is not able to develop sufficiently differentiated models, the investors' investment objectives may not be met, irrespective of whether the investment strategies are successful in an absolute sense.

Risk of Programming and Modeling Errors: Although Newfound seeks to hire skilled individuals and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform "real world" testing of the end product raises the chances that the finished model may contain an error; one or more of such errors could adversely affect the performance of an investment strategy.

Involuntary Disclosure: Newfound's ability to achieve the objective for an investment strategy is largely dependent on its ability to develop and protect its models and proprietary research. The models and proprietary research are protected by Newfound through the use of policies, procedures, agreements, and similar measures designed to create and enforce robust confidentiality, non-disclosure, and similar safeguards. However, aggressive position-level public disclosure obligations (or disclosure obligations to exchanges or regulators with insufficient privacy safeguards) could lead to opportunities for competitors to reverse-engineer strategies, and thereby impair the relative or absolute performance of an investor's portfolio.

Item 9- Disciplinary Information

There are no legal or disciplinary events that are material to Newfound's client's or prospective client's evaluation of Newfound's advisory business or the integrity of its management.

Item 10- Other Financial Industry Activities and Affiliations

Newfound does not recommend or select other investment advisers for its clients.

Thomas B. Rosedale, a principal owner of Newfound, is a licensed attorney and a member of the Massachusetts bar. Mr. Rosedale provides legal services to Newfound

through BRL Law Group LLC, a corporate boutique law firm located in Boston, MA, which is wholly owned by Mr. Rosedale.

David J. Morton, a principal owner of Newfound, is the majority owner of Edgartown Advisors LLC (“Edgartown”), in which Mr. Rosedale is the manager and holds a minority interest. Edgartown participates in net revenue from, and has certain financial responsibilities to Copeland Capital Management LLC, a client of Newfound’s, with respect to, the Copeland Fund. Mr. Morton has no operational or board role with Newfound, and his interest is as an equity holder only. Edgartown has no operational role with the Copeland Fund or the marketing of the Fund’s shares or with Copeland Capital Management LLC. Copeland Capital Management LLC licenses data from Newfound for use in connection with the Copeland Fund.

Mr. Morton is the majority owner of Vineyard Group LLC (“Vineyard”), in which Mr. Rosedale has a minority interest. Vineyard is a 50% member of Katama GP LLC, the general partner of Katama Capital Fund, L.P. (“Katama”). Vineyard has no operational role with Katama. Copeland Capital Management LLC, which also owns 50% of Katama GP LLC and serves as Katama’s investment manager, licenses data from Newfound for use in connection with Katama. Messrs. Morton and Rosedale are the two managers of Vineyard.

Each of Messrs. Rosedale, Morton and Hoffstein has a minority interest in Investment Guidance Solutions LLC (“IGS”). IGS, an early stage company, utilizes Newfound data and technology to provide mutual fund buy and sell signals and related investment products to managers of mutual fund fund of funds. Seventy-five percent (75%) of IGS’s equity securities is owned collectively by Messrs. Rosedale, Morton and Hoffstein.

Eric Brown has a 5% economic interest in Newfound (he does not hold membership interests or other equity securities). Mr. Brown acts as the portfolio manager to the Copeland Fund and is CEO and majority owner of Copeland Capital Management LLC. Copeland Capital Management LLC serves as the investment manager of Katama and holds a 50% membership interest in Katama GP LLC. Mr. Brown has no operational or board role with Newfound, and his interest is solely economic and passive.

In October 2012, Newfound and Virtus partnered and collaborated to establish the Newfound/Virtus Company (IARD/CRD Number: 165574) in which Virtus owns 51% and Newfound owns 49%. The Newfound/Virtus Company is an investment manager that expands Virtus’ offerings of innovative investment solutions by adding disciplined, rule-based strategies to manage a variety of asset classes. Newfound, in collaboration with Virtus, initially created three new investment strategies as part of the Virtus Disciplined suite of funds (the first three funds of which are (i) Virtus Disciplined Equity Style Fund (which has an investment objective of capital appreciation and seeks to deliver the returns of the Newfound Equity Style Total Return Index (Nasdaq: NESX)), (ii) Virtus Disciplined Select Country Fund (which has an investment objective of capital appreciation and seeks to deliver the returns of the Newfound Select Country Total Return Index (Nasdaq: NSCX)) and (iii) Virtus Disciplined Select Bond Fund (which has

an investment objective of high total return from current income and capital appreciation and seeks to deliver the returns of the Newfound Select Bond Total Return Index (Nasdaq: NSBX)). The funds were launched on December 18, 2012 as open-ended mutual funds by the Newfound/Virtus Company. Corey Hoffstein, chief investment officer and chief technology officer of Newfound, serves as portfolio manager for these funds and as chief investment officer of the Newfound/Virtus Company. Tom Rosedale, Newfound's chief executive officer and chief compliance officer, serves as a member of the board of managers of the Newfound/Virtus Company. Newfound licenses data from its algorithms and technology to the Newfound/Virtus Company for use in connection with the Newfound/Virtus Company's investment strategies.

Newfound does not believe these relationships present any material conflict of interests.

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

Newfound has adopted a code of ethics pursuant to SEC rule 204A-1. A copy of the code will be provided to clients or prospective clients upon request.

Newfound's Code of Ethics, among other things, requires that supervised persons:

- Adhere to the highest standards of fiduciary duties in all matters relating to Newfound's clients;
- Always place client interests above their own;
- Perform their duties in accordance with all applicable legal and ethical standards;
- Fully disclose any conflict of interest material to clients;
- Refrain from the use of material non-public information in making or formulating recommendations;
- Provide written acknowledgement of receipt of the code and any amendments;
- Report personal securities holdings and transactions periodically to the Chief Compliance Officer;
- Obtain prior approval before they directly or indirectly acquiring beneficial ownership in any security in an initial public offering or in a limited offering; and
- Report any violations of the code of ethics to Newfound's Chief Compliance Officer.

Neither Newfound nor any management person has recommended to clients any securities in which they have a material financial interest.

At times, Newfound's proprietary algorithms may recommend to clients the purchase or sale of securities that are owned by Newfound or its personnel.

Neither Newfound nor any management person has recommended securities to clients while at the same time buying the securities for their own account.

Item 12- Brokerage Practices

Newfound does not select or recommend broker-dealers for client transactions or determine the reasonableness of broker dealer compensation. Furthermore, Newfound does not aggregate the purchase or sale of securities for client accounts.

Item 13- Review of Accounts

Newfound reviews daily, weekly and monthly data and recommendations to determine if its algorithms are working in a manner consistent with its expectations. In addition, at the request of a client, Newfound will review any client performance data provided by the client. These reviews are conducted by principals, Corey M. Hoffstein and Thomas B. Rosedale, as well as Newfound's employees. If significant deviations from benchmark results are identified or if signals or other output from Newfound's technology appears to be inconsistent with expectations, Newfound will perform additional testing to determine if its technology is performing properly and will increase the frequency and thoroughness of its review. Newfound does not provide any written account reports to clients. Each client is expected to monitor the status of its own holdings.

Newfound reports any observed concerns to affected clients in a timely fashion.

Item 14- Client Referrals and Other Compensation

No party who is not a client of Newfound has provided Newfound an economic benefit for providing investment advice or other advisory services to Newfound clients.

To date, none of Newfound, its affiliates, or persons under common control with Newfound has directly or indirectly compensated any person who is not an officer, partner, director, employee, or other supervised person for client referrals. Newfound expects to utilize third parties for introductions to potential new clients, and may consider paying appropriate and customary finder's fees in such a case.

Item 15- Custody

Newfound does not take custody of any client funds.

Item 16- Investment Discretion

Newfound does not make any investment decisions. Newfound provides data and recommendations to its clients. Ultimately, investment decisions are made by Newfound's clients (usually, the investment strategy "Sponsors"). Newfound does create model portfolios for certain clients, and in connection therewith may from time to time provide data from its algorithms that suggest asset allocation recommendations and other exposure recommendations.

Item 17- Voting Client Securities

Newfound does not hold client securities and does not have voting discretion over client securities.

Item 18- Financial Information

Newfound is not required to provide a balance sheet with this brochure.