

Newport Advisory, Inc.  
4695 MacArthur Blvd., Suite 480  
Newport Beach, California 92660

Phone: 949-622-9000  
Fax: 949-622-9001  
Email: [aj@newportadvisory.com](mailto:aj@newportadvisory.com)

December 17, 2013

**FORM ADV PART 2A. BROCHURE**

This brochure provides information about the qualifications and business practices of Newport Advisory, Inc. If you have any questions about the contents of this brochure, please contact us at 949-622-9000. 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.

Additional information about Newport Advisory, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Newport Advisory, Inc. is 159376.

Newport Advisory, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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## ***4. Advisory Business***

Newport Advisory, Inc.'s registration was granted by the U.S. Securities and Exchange Commission in December 2011. The firm is primarily owned by James W. Regitz, Jr. (CRD Number 1283719) Darin A. Simonian (CRD Number 2214836), and Anthony J. DiLiberto (CRD Number 1838051). The firm is not publicly owned or traded.

Newport Advisory, Inc. ("the Adviser") provides financial planning, asset management and consulting services consistent with clients' financial and tax status, in addition to their risk profile and return objectives. The Adviser also provides general non-securities advice on topics that include tax and cash flow planning, estate planning and business planning.

### ***Asset Management***

As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), mutual funds and other public securities or investments. The client's individual investment strategy is tailored to their specific objectives and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined and discussed with the client, we review the portfolio at least quarterly and as necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives.

We offer individualized investment advice to clients and recognize that each client and client situation is unique. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

We emphasize continuous and regular account supervision consistent with a fiduciary standard.

We do not offer wrap fees programs.

As of December 13, 2013, the firm manages approximately \$193,000,000 under the "Fee Based Asset Management Program" discussed below. This is comprised of \$112,300,000 on a discretionary basis and \$81,000,000 on a non-discretionary basis.

### ***Financial Planning & Consulting***

We provide a variety of financial planning and consultation services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of current situation, goals, and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Plan Analysis, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Planning, Business and Personal Financial Planning.

Recommendations will be made during the course of the engagement for specific actions to be taken by the client or advisor. For example, recommendations may be made to create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we will work with a client's accountant, attorney or other specialist, as necessary for non-advisory related services. Plans or consultations are typically completed within six (6) months of the client signing a planning engagement contract with us, assuming that all the information and documents we request from the client are provided to us promptly. No fee is collected more than 6 months in advance of services provided. Implementation of the recommendations will be at the discretion of the client.

## **5. Fees and Compensation**

### *Fee Based Asset Management*

Under our “Fee Based Asset Management Program”, the only compensation we receive is from our clients. We do not share in any mutual fund service fees or share fees charged by an independent third party Custodian. There will be complete objectivity in selecting the underlying investments with no conflicts of interest due to participation in trading commissions or mutual fund service fees. At any time, a client or prospective client may request information about how the advisor is being compensated.

We will initially review with the client their financial objectives and then formulate a portfolio consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, no-load or load-waived mutual funds and other public securities or investments. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least annually and if necessary, rebalance the portfolio based upon the client’s individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

Client’s advisory fees (“Asset-Based Fees”) are billed quarterly based on the value of your account on the last day of the previous quarter and are payable in advance. Asset-Based Fees may be automatically deducted from managed accounts and/or invoiced separately upon request.

#### **Fees are negotiable and will not be greater than 1.5% annually**

Clients may incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm/custodian trades are executed through. Also, clients will pay the following separately incurred expenses, of which we do not receive any part: charges imposed directly by a custodian, mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund’s prospectus (i.e., fund management fees and other fund expenses).

In the event that you wish to terminate our services, we will refund the unearned portion of the advisory fee upon written correspondence stating your intent to terminate our services in accordance with the Investment Management Agreement.

The Adviser does not permit insider trading and has implemented procedures to ensure that its policy regarding insider trading is being observed by investment advisor representatives.

While associated persons can, as registered representatives with Cambridge Investment Research, Inc., be paid mutual fund service fees, they are expressly prohibited from doing so by contract in the Investment Management Agreement for clients under the Fee Based Asset Management Program. Adviser has a potential conflict of interest to the extent that they are able to use custodians who would pay mutual fund service fees on certain mutual fund investments to associated persons. This conflict is resolved in the following ways: 1) Adviser does not use any custodian for asset management clients where such compensation would be paid to an associated person; and 2) Investment Management Agreement prohibits this form of compensation in fee-based asset management accounts.

### *Financial Planning & Consulting*

Newport Advisory, Inc. offers planning and consulting services as a separate service. The Adviser conducts an initial interview with each perspective client to determine if an engagement is appropriate and if necessary, to outline the scope of the engagement. Depending on the services and complexity of those services, fees could be charged as a fixed amount, an hourly rate, or in the case of retirement plan and other non-managed account consultation, may be a percent of the retirement plan that is being consulted on. Fees will not exceed 1.5%.

The majority of our clients will engage Newport Advisory, Inc. for the asset management service described above and a separate financial planning contract is not required. In other cases we will engage clients solely for financial planning with no asset management services. The extent and scope of services is determined by the client. Our financial planning fees are generally negotiable and in proportion to the level of services performed.

Hourly fees are payable as services are performed and are billed at the following rates:

\$50 – Administrative Services  
\$150 – Junior Planner  
\$250 – Senior Planner  
\$350 – Senior Financial Advisor

It may determine that ongoing financial planning is needed for complex estates. For these clients, the Adviser will systematically implement, monitor, review, and adjust the various stages of a plan until a baseline has been established at each stage, before moving on to the next stage. Baselines are periodically revisited and further adjustments are made. Clients receive a fixed fee quote which is structured as an annual retainer. Clients receive the quote when the scope of the engagement is established. Client fees are payable quarterly in advance and range from \$500 to \$10,000 per quarter. Fees are based on the complexity of the plan and range of services being provided.

After the work begins, the Adviser can make better assessments regarding the amount of ongoing work required and the time commitment involved, so payments are equalized over subsequent quarters. There may be year over year adjustments to lower or raise the annual retainer. Reasons may include but are not limited to life changing events and plan stabilization.

In the event that either the client or the adviser should wish to terminate the retainer agreement described above or after in a situation in which the project or service has already been completed, the client may agree to review and update his or her plan less frequently and pay a fixed amount at that time. The fee for a Financial Review and Update may change from time to time due to the complexity of the issues, life changes and other unforeseen events.

The Adviser considers fees for financial planning services or a consulting project to be earned as progress is realized toward creation of the plan or completion of the project. Under no circumstances will the Adviser earn fees in excess of \$1,200 more than six months in advance of services rendered.

For all planning and consulting services, client will have a period of five (5) business days from the date of signing the agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, the client may terminate the agreement by providing the Adviser with written notice prior to delivery of the plan or completion of the project. Upon termination, fees will be prorated to the date of termination and the unearned portion of the fee will be refunded to the client. At any time, a client or prospective client may request information about how the advisor is being compensated.

### *Non Fee Based Asset Products and Services*

In certain circumstances the advisor may recommend and/or client may elect to purchase commissionable investment or insurance products from associated persons of Newport Advisory, Inc. if also registered with Cambridge Investment Research, Inc. (a broker dealer). Any potential conflict of interest outside the typical “Fee Based Asset Management” program discussed prior is discussed in section 10 under affiliations. It is the policy of Newport Advisory, Inc. to perform a supervisory review of any commissionable product either recommended to or requested by the client for purchase. The supervisory review will determine that it is appropriate for the client and that the client understands that a commission is being paid and a potential conflict exists if the associated person stands to make additional income via the recommendation. Clients have the option to purchase investment products or insurance that we recommend through other brokers or agents that are not affiliated with Newport Advisory, Inc. Newport Advisory, Inc. is precluded from receiving any commissionable fees and such fees would be through Cambridge Investment Research, Inc.. Under no circumstance will Newport Advisory, Inc. charge asset management fees on commissionable products sold by associated persons.

### ***6. Performance-Based Fees and Side-By-Side Management***

None. No fees are based upon capital gains or capital appreciation of assets.

### ***7. Types of Clients***

Individuals, IRAs, ROTH IRAs, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

### ***8. Methods of Analysis, Investment Strategies and Risk of Loss***

Newport Advisory, Inc. uses all aspects of investment analysis to determine the investments and allocations to various investments. These methods include fundamental, technical, and charting analysis. Investing in securities involves risk of loss that investors should be prepared to bear.

While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock and bond markets, and that your account is appropriately diversified. While we attempt to diversify each portfolio to help reduce volatility or risk, certain periods of extreme duress may cause most assets to fall such as in 1929 or 2008. Certain investments may pose a greater risk due to the use of leverage which magnifies gains and losses. A specific example may be a closed end fund or a hedge fund.

Client's cash balances are generally invested in money market funds and FDIC Insured Certificates of Deposit. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services.

## ***9. Disciplinary Information***

We are required to disclose whether there are legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. There are a number of specific legal and disciplinary events that we must presume are material for this Item. If our advisory firm or a management person has been involved in one of these events, we must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in our or the management person's favor, or was reversed, suspended or vacated, or (2) the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final order, judgment, or decree was entered, or the date that any rights of appeal from preliminary orders, judgments or decrees lapsed.

The SEC and/or State Regulators have not provided us with an exclusive list of material disciplinary events, which need to be disclosed. If our advisory firm or a management person has been involved in a legal or disciplinary event that is not specifically required to be disclosed, but nonetheless is material to a client's or prospective client's evaluation of our advisory business or the integrity of our management, we must disclose the event. Similarly, even if more than ten years has passed since the date of the event, we must disclose the event if it is so serious that it remains currently material to a client's or prospective client's evaluation of our firm or management.

We need to disclose all material facts regarding the following event(s) regarding whether our firm or part of our management company:

- was involved in a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which our firm or a management person was convicted of, or pled guilty or no contest to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses. The details of the relevant event are:

No items to disclose

- is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses. The details of the relevant event are:

No items to disclose

- was found to have been involved in a violation of an investment-related statute or regulation. The details of the relevant event are:

The investment adviser certificate issued to Newport Advisory, LLC (for financial planning only) was revoked for not filing the annual updating amendment and/or the new Part 2 (firm brochure of the Form ADV) as required by section 260.241.4(E) of the corporate securities law of 1968.

- was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, our firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order. The details of the relevant event are:

No items to disclose



- was involved in an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which our firm or a management person was found to have caused an investment-related business to lose its authorization to do business. The details of this event are:

No items to disclose

- was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority: (a) denying, suspending, or revoking the authorization of our firm or a management person to act in an investment-related business; (b) barring or suspending our firm or a management person's association with an investment-related business; (c) otherwise significantly limiting our firm or a management person's investment-related activities; or (d) imposing a civil money penalty of more than \$2,500 on our firm or a management person. The details of this event are:

No items to disclose

- was found to have caused an investment-related business to lose its authorization to do business as the result of a self-regulatory organization (SRO) proceeding:

No items to disclose

## ***10. Other Financial Industry Activities and Affiliations***

As mentioned in section 4 and 5 of this document, the primary focus of Newport Advisory, Inc. is to provide “Fee Based Asset Management” to clients that follow a fiduciary standard. Associated persons may be registered securities representatives of Cambridge Investment Research, Inc., a registered broker-dealer, member of the Financial Industry Regulatory Authority ("FINRA"), and/or investment adviser representatives of its affiliate Cambridge Investment Research Advisors, Inc., a registered investment adviser. In addition, associated persons may also be insurance agents/brokers of various insurance companies. Acting in these capacities, associated persons may recommend securities, insurance or other investment products and receive compensation that is outside the scope of the “Fee Based Asset Management” program described in section 4 and 5. This may present a conflict of interest since commissionable sales may create an incentive to recommend products based on the compensation to be received. Clients are advised that they are under no obligation to implement recommendations through the associated persons in their capacities as registered representatives or insurance brokers. Further, the client is in no way prohibited from purchasing products recommended by us through other brokers or agents which are not affiliated with us.

Associated persons may enter into an Equity Participation Plan with Cambridge Investment Research, Inc. (CIR). Under this arrangement, associated persons have the ability to earn a percentage of CIR’s overall profit ratio. The associated persons are not owners or officers of CIR. However, the associated persons are eligible to participate in the Equity Participation Plan due to their affiliation as registered representatives of CIR. This arrangement between the associated persons and CIR is a potential conflict of interest as certain custodial relationships at NFS or Pershing may provide a greater share of income to CIR than other custodians. We avoid this conflict in our “Fee Based Asset Management Program” as the client will select the custodial relationship that best meets their needs and the advisor must act in the best interest of the client.

Newport Advisory, Inc. has entered into a sub-advisory agreement with Reitz Financial Services, Inc., CRD No. 137467. Under the terms of this agreement, we jointly provide advisory services to certain clients. In return for its support services, Newport Advisory, Inc. will compensate Reitz Financial Services, Inc. thirty five percent of the client fees billed.



## ***11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading***

The firm has adopted a written Code of Ethics in compliance with SEC Rule 204A-1. The code sets forth standards of conduct and requires compliance with federal securities laws. Our code also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to the Chief Compliance Officer of the firm. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Associated persons may own an interest in or buy or sell for their accounts the same securities, which may be purchased or sold in the accounts of advisory clients. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored. Associated persons are aware of the rules regarding material non-public information and insider trading. Associated persons may also buy or sell specific securities for their accounts based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for clients.

## ***12. Brokerage Practices***

As mentioned in section 4 and 5 of this document the primary objective focus of Newport Advisory, Inc. is to provide “Fee Based Asset Management” to clients with no conflict of interest that follows a fiduciary standard with no directed brokerage commissions. Within our “Fee Based Asset Management” program, we receive no commissions and do not share in any transaction or trading fees or mutual fund trails.

However, for certain situations, it may be inapplicable or otherwise impractical to charge an ongoing asset management fee to implement a client’s recommendations or requests. In these situations, an associated person may act as a registered representative of Cambridge Investment Research, Inc. and utilize a product or service that pays an up-front commission and/or ongoing distribution or service fee. Products that fall into this category may include certain life insurance products and load mutual funds held direct with the company.

While recommendations are always made with the client’s best interest in mind, a conflict of interest may arise in the event there were competing products where one company paid a larger commission than another for essentially the same product or service. Clients are advised that they are under no obligation to implement recommendations through the associated persons.

Factors that Newport Advisory, Inc., considers in recommending a custodian include historical financial strength, reputation, execution capabilities, pricing, research, and service. Although the transaction fees and/or commissions paid by clients shall comply with our duty to obtain best execution, a client may incur expenses that are higher than another qualified broker-dealer might charge to effect the same transaction where, in good faith, it is determined that the expenses incurred are reasonable in relation to the value of the overall brokerage and research services received. In seeking best execution, the determinative factor is not always the lowest possible cost, but rather, whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, cost, and responsiveness. The fees charged by the designated custodian are exclusive of, and in addition to, the investment management fee.

Through our custodial relationships, we can use third party prime broker services. This allows us to place trades with other broker/dealers without the need to have individual accounts with the other broker/dealers. This service allows greater flexibility to access more fixed income products and the

ability to access newly issued bonds. All assets will be kept in the client's custodial account. We select other broker/dealers based on the quality of research, services, products offered, execution, and commission structures. We have not entered into any formal soft-dollar arrangements nor do we receive any referrals or commissions on these transactions.

### ***13. Review of Accounts***

Newport Advisory, Inc. Investment Advisor Representatives perform reviews of all annual retainer clients' accounts no less than quarterly. Accounts are reviewed for consistency with the investment strategy and performance among other things. Reviews may be triggered by changes in an account holder's personal, tax, or financial status. Macroeconomic and company specific events may also trigger reviews. There is currently no limit on the number of accounts that can be reviewed by Investment Advisor Representatives.

Brokerage statements are generated no less than quarterly. These statements are sent directly from the account custodian. The statements list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived.

### ***14. Client Referrals and Other Compensation***

Not applicable

### ***15. Custody***

Custody is limited to Advisor's ability to debit investment management fees from client accounts. Client must authorize, in advance, that fees may be paid in this manner. Client receives monthly statements from the qualified custodian that holds and maintains client's investment assets which details all transactions, including any fees that were debited. Client is encouraged to verify all transactions and compare such official custodial records to the account statements or reports that Advisor may provide.

### ***16. Investment Discretion***

Clients may sign a discretionary investment advisory agreement or a non-discretionary advisory agreement with our firm for the management of their account. These agreements only apply to asset management clients.

### ***17. Voting Client Securities***

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. Clients may call, write or email us to discuss questions they may have about particular proxy vote or other solicitation.

### ***18. Financial Information***

No financial reporting is necessary as the firm does not require payment of fees more than six months in advance and has never filed a petition in bankruptcy and is not in a precarious financial position.