

## **Item 1 – Cover Page**

Form ADV, Part 2A Firm Brochure

### **Zeno Consulting Group, LLC**

7910 Woodmont Avenue, Suite 455

Bethesda, MD 20814

Phone: 301-312-8947

[www.zenocg.com](http://www.zenocg.com)

Date of Firm Brochure: March 2015

---

This Firm Brochure provides information about the qualifications and business practices of Zeno Consulting Group, LLC (“Zeno”, “we”, “us”, or “our”). If you have any questions about the contents of this Firm Brochure, please contact Steven Glass at 301-312-8947 or at [steven.glass@zenocg.com](mailto:steven.glass@zenocg.com). The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Zeno is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Zeno Consulting Group, LLC is a registered investment advisor. Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

No material changes have been made to this Firm Brochure since filing our last annual update in March 2014.

### Item 3 – Table of Contents

Item 1 – Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	3
Item 4 – Advisory Business .....	4
Description of Primary Advisory Services and Fees .....	4
Limits Advice to Certain Types of Investments .....	4
Tailor Advisory Services to Individual Needs of Clients .....	5
Client Assets Managed by Zeno .....	5
Item 5 – Fees and Compensation .....	5
Item 6 – Performance-Based Fees and Side-By-Side Management .....	5
Item 7 – Types of Clients .....	5
Minimum Investment Amounts Required .....	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 9 – Disciplinary Information .....	7
Item 10 – Other Financial Industry Activities and Affiliations .....	7
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading .....	7
Code of Ethics Summary .....	7
Item 12 – Brokerage Practices .....	8
Item 13 – Review of Accounts .....	8
Account Reviews and Reviewers .....	8
Statements and Reports .....	8
Item 14 – Client Referrals and Other Compensation .....	8
Item 15 – Custody .....	9
Item 16 – Investment Discretion .....	9
Item 17 – Voting Client Securities .....	9
Item 18 – Financial Information .....	9

#### **Item 4 – Advisory Business**

Zeno is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) and is a Limited Liability Company formed in 2010 under the laws of the State of California.

- Zeno Consulting Group, LLC is owned by Glass & Associates, Inc. Glass & Associates, Inc. is wholly owned by Steven Glass.
- Zeno has been registered as an investment advisor since January 2010. Prior to 2010, Zeno was a wholly-owned subsidiary of ITG and was a registered investment advisor doing business as Plexus Plan Sponsor Group.

#### **Description of Primary Advisory Services**

Zeno measures and benchmarks trading costs for money managers, pension funds and brokers with three consulting programs.

Zeno reviews “single event” trading, such as programs and transitions, as well as quarterly monitoring of ongoing trading processes. The review methodology benchmarks both trading costs (commission and impact) and the cost of filling positions (timing and opportunity). Zeno also provides consulting services to help clients improve their trading efficiency.

##### **Transition Services:**

Zeno offers transition services to ensure prudent and cost efficient managers transitions by providing pre and post transition analytics, transition consulting and fiduciary support.

##### **Directed Brokerage, Commission Recapture and Soft Dollar Reviews:**

Zeno also provides services to assist clients in monitoring the impacts of Directed Brokerage, Commission Recapture and Soft Dollars to determine the costs of these programs and to ensure compliance with client’s policies and improve best execution.

##### **Sponsor Monitor:**

Zeno program to evaluate, manage and control trading costs to effectively manage and control trading costs.

Zeno devotes substantial time and resources towards its pension consulting and data analysis services and the majority of these services do not constitute investment advice.

#### **Limits Advice to Certain Types of Investments**

Zeno provides investment advice, in the context of assisting clients with their portfolios, on the following types of investments:

- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks and bonds)
- Foreign Issues (i.e. stocks and bonds)
- Fixed Income
- Foreign Exchange

Zeno does not provide advice on warrants, certificates of deposit, variable life insurance, variable annuities, mutual fund shares, options contracts on securities and commodities, futures contracts on tangibles and intangibles, interests in partnerships investing in real estate and oil and gas interests, or hedge funds and other types of private (i.e. non-registered) securities.

### **Tailor Advisory Services to Individual Needs of Clients**

Zeno's services are always provided based on the individual needs of each client.

### **Client Assets Managed by Zeno**

Zeno does not manage client assets and has no assets under management.

## **Item 5 – Fees and Compensation**

The types of services and related fee schedules are:

- “Single event” post-transaction analysis, i.e., programs and transitions: \$2,000-\$5,000 per event;
- Transition consulting: Fees are negotiable, and can be a flat rate, or a function of the value of the transition, i.e., an asset-based fee of up to 1 basis point (.01%);
- Analysis of post-trade process, which includes quarterly post-trade reports and analysis of domestic and/or international equities: \$10,000-\$150,000 per year;
- Special consulting projects: Fees are negotiated.

All fees are stated and payable in hard dollars. Annual fees are charged pro-rata quarterly in advance. Some clients compensate Zeno as a third-party research provider through soft dollar arrangements that these clients have established with broker/dealers. Zeno is not involved with choosing brokers for third-party payment. Zeno is not a broker/dealer and does not receive commissions from broker/dealers. Refunds are provided only in the case of non-delivery of the service. Termination of contracts may be made by either party with written notice. At Zeno's discretion, actual fees charged may be negotiated on a client by client basis and will be specified in the services agreement with Zeno.

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

Item 6 is not applicable to Zeno. Zeno does not charge or accept performance-based fees, fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

## **Item 7 – Types of Clients**

Zeno generally provides investment advice to the following types of clients:

- Mutual Fund and Fund-of-Funds
- Pension and profit sharing plans
- Endowments, Foundations & Hospitals

### **Minimum Account Size**

Zeno has no minimum account size.

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

Zeno's primary business is the analysis of transaction costs associated with investing in equity and fixed income securities, and foreign exchange. Zeno uses the 'implementation shortfall' methodology for analyzing the costs of trading equity and fixed income securities, and foreign exchange. Once the costs associated with each transaction have been measured, various sets of data (including the entire universe) are then 'averaged' using a multifactor linear regression process to compute relevant cost benchmarks for equity transactions during a certain period (usually a calendar quarter). Similar processes are used to compute relevant benchmarks for fixed income and foreign exchange transactions. Zeno does not analyze securities for the purpose of making investment decisions or recommend securities.

Zeno uses trading data provided by its clients from their transaction files and their order management systems. This information is normalized and reformatted by a series of processes and checks, and then stored electronically. The normalized and reformatted data is then provided to third-party service providers to produce the final reports that Zeno will deliver to clients. During the analysis, client transaction data is combined with market pricing and security reference data that is obtained from outside services such as Bloomberg, IDC, TRACE, Frank Russell Company and Standard & Poor's.

Zeno, when consulting on manager transitions, often develops and recommends a set of trading – as opposed to investing – strategies to minimize costs and information leakage (which raises costs). Manager transitions are the complicated, and frequently costly, process of terminating one or more managers, liquidating or transferring the assets, and then acquiring securities according to the investment parameters of the newly-hired managers. The strategy recommendations made are generally not security-specific; rather, they revolve around larger strategies such as broker-dealer selection and any associated bidding processes, as well as trading urgency, for entire portfolios or baskets of equity securities.

The securities held in Zeno's clients' accounts are held by the clients in various capacities. Investing in securities involves a risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. Investors face the following investment risks:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar will be worth more today than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than

an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

### **Item 9 – Disciplinary Information**

Item 9 is not applicable to Zeno because there are no legal or disciplinary events that would be material to a client's or prospective client's evaluation of our business or integrity of our management.

### **Item 10 – Other Financial Industry Activities and Affiliations**

Zeno has no information to disclose under Item 10.

### **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

#### **Code of Ethics Summary**

Section 204A-1 of the *Investment Advisers Act of 1940* requires all investment advisers to establish, maintain and enforce a Code of Ethics. Zeno has established a Code of Ethics that applies to all of its associated persons. An investment adviser is considered a fiduciary according to the *Investment Advisers Act of 1940*. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the clients best interest at all times. Zeno has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics which also covers our Insider Trading and Personal Securities Transactions Policies and Procedures. Zeno requires all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and when changes occur, all supervised persons sign an acknowledgement that they have read, understand and agree to comply with our Code of Ethics. Zeno has the responsibility to make sure that the interests of all clients are placed ahead of our firm's or our supervised person's own investment interest. Disclosure of all material facts and potential conflicts of interest are provided to clients prior to any services being conducted. Zeno and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to you. This disclosure is provided to you a summary of our firm's Code of Ethics. However, if you wish to review our firm's Code of Ethics in its entirety, a copy will be provided promptly to clients or prospective clients upon request.

## **Item 12 – Brokerage Practices**

Zeno may, from time to time, recommend a list of brokers deemed qualified to execute the transactions of securities associated with a client's transition or basket trade. Such lists are based, in part, upon Zeno's access to Investment Technology Group, Inc.'s ("ITG's") database of execution quality, which is based on over 103 million discrete trades (with a combined value of more than 12 trillion dollars) effected in more than 60 markets around the world during the most recent four quarters. The factors considered in determining the list of recommended brokers are historical trading costs (price impact), the cost of filling positions (timing and opportunity costs), commissions (pursuant to the solicitation of competitive bids from brokers), and trading volume. The factors considered in determining the reasonableness of commissions include responses pertaining to commissions received from brokers pursuant to a competitive bidding process, historical trading costs (price impact), the cost of filling positions (timing and opportunity costs), and trading volume as derived from ITG's database as described above.

All fees charged to clients by Zeno are stated and payable in hard dollars. Annual fees are payable quarterly in advance. Some clients compensate Zeno as a third-party research provider through soft dollar arrangements that these clients have established with broker/dealers. Zeno is not involved with choosing brokers for third-party payment. Zeno is not a broker/dealer and does not receive commissions from broker/dealers.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Zeno does not manage accounts or hold securities. When consulting on manager transitions, Zeno provides analysis and monitoring of the client's trading process until the transition is complete and performs a post-trade analysis of actual costs incurred during a transition. The process can be completed in as little as one trading day, or can continue for several weeks.

### **Statements and Reports**

The manager transition business is not continuous: at any point in time, there may not be any active manager transitions, and there are periods during which transitions for multiple clients occur simultaneously. Information and written reports for manager transitions are delivered before, during and after each transition as dictated by the needs of each respective transition.

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

Currently, Zeno does not directly or indirectly compensate any person for client referrals. In the future, Zeno may elect to enter into agreements with other affiliated and non-affiliated persons pursuant to which such party will solicit clients for Zeno in return for a fee. Zeno will comply with the provisions of Rule 206(4)-3 of the Advisers Act with respect to any such agreements for client solicitations.

The only form of other compensation received from advisory services is the fees charged for providing investment advisory services as described in Item 5 of this brochure. Zeno receives no other forms of compensation in connection with providing investment advice.



#### **Item 15 – Custody**

Zeno does not have custody of client funds or securities.

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

Zeno does not maintain investment discretion or trading authorization over securities accounts on behalf of clients.

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

Zeno will not vote proxies on behalf of any client securities.

#### **Item 18 – Financial Information**

Item 18 is not applicable to Zeno.