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## **Bellwether Consulting LLC**

75 Main Street, Suite 302  
Millburn, NJ 07041  
(646) 205-9346  
[www.bellwetherconsulting.net](http://www.bellwetherconsulting.net)  
July 5, 2017

This Brochure provides information about the qualifications and business practices of Bellwether Consulting LLC ["Adviser"]. If you have any questions about the contents of this Brochure, please contact us at (646) 205-9346 or at [consultants@bellwetherconsulting.net](mailto:consultants@bellwetherconsulting.net). 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.

Bellwether Consulting is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

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



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## **2. Material Changes**

This brochure contains one change from the last update (dated March 29, 2017), specifically in terms of the supervised persons listed in Part 2B.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Further, we will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Lynda Sandersen, Investment Consultant at (646) 205-9346 x119 or [lynda.sandersen@bellwetherconsulting.net](mailto:lynda.sandersen@bellwetherconsulting.net).

Additional information about Bellwether Consulting is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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#### 4. Advisory Business

Bellwether Consulting is a pension and investment consulting firm. The Firm has been in business since February 13, 2001, and the principal owners are Scott Jaime Cohen, Keith Allan Hocter, and Lynda Marie Sandersen.

We provide investment advice to institutional investors, including:

- Traditional and cash balance pension plans,
- Employee-directed defined contribution plans (e.g., 401(k), 403(b), 457),
- Non-qualified deferred compensation plans,
- Taft-Hartley plans,
- Welfare benefit trusts,
- Foundations & endowments, and
- Banks, insurance companies and other organizations with operating assets.

Bellwether saves valuable time and money, helping clients make better investment decisions and focus on what's important: managing their organization. We assist by:

- Setting realistic objectives for investment programs that meet the organization's changing needs.
- Allocating assets for maximum likelihood of achieving objectives while managing risk.
- Performing comprehensive searches for investment managers to find new market opportunities or replace underperforming products.
- Keeping clients in touch with the market, key economic issues, and, more importantly, how these factors affect their investment program.
- Monitoring manager performance, to detect and address potential issues while they are small.
- Finding an appropriate combination of investment choice, education, and advice for employees in participant-directed programs (e.g., 401(k)).
- Documenting processes and decisions, providing records vital to sound fiduciary management.

Advice provided by Bellwether is independent and objective. To this end we do not provide consulting services to investment managers or retirement plan service providers, except in their capacity as fiduciaries for benefit plans for their own employees. We do not accept any product-based compensation of any kind, direct or indirect.

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## **Strategy and Policy**

Investment policy has the greatest impact on results. Policy issues for pensions and other sponsor-directed programs include a projection of liabilities, return and risk objectives, asset allocation strategy, risk control guidelines, manager selection procedures, and performance review benchmarks. For participant-directed plans, employee education strategy takes the place of asset allocation. Prudent sponsors create and maintain sound policy when things are running well, in preparation for unforeseen performance problems.

### *Key Benefits*

- Saves time and money by focusing key decision-makers on the most important issues.
- Establishes sound processes and principals that do not have to be revisited every time a decision is required.
- Provides a means of managing risk and other portfolio characteristics, not just return.
- Builds solid documentation for review by regulators and for staff training.

### *Typical Services*

#### Investment Policy Review

A complete investment policy statement customized to your organization's unique needs and circumstances, or a professional review and update of your existing statement. The statement will be based on a thorough analysis of your current investment strategy and governance practices, not a boilerplate document.

#### Asset Allocation Study

An analysis of the risk and return potential of your current investment program, with specific recommendations on changes to your asset allocation strategy. We assess how closely the plan's strategy matches actuarial liability projections and other similar plans, and consider the potential impact on pension cost and income for the sponsor.

#### Asset-Liability Study

A more thorough project including projection of liabilities under various economic scenarios, projection of the level and volatility of plan funding, and a full asset allocation study.

#### Fiduciary Review

A study of the governance practices of the investment program, where we cite specific areas of compliance concerns and recommend action steps to improve investment decision-making. The review typically includes high-level analysis of current investment managers, review of committee structure and documentation, critique of investment policy, and assessment of employee communication and 404(c) compliance as applicable.

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## **Search and Evaluation Services**

Changing investment managers can be challenging. The risk of sticking with an underperformer must be balanced against switching to something worse. Fortunately sponsors are not required to predict future performance, only to follow a prudent decision-making process considering all available information. We provide both the process and required data for sound decisions.

### *Key Benefits*

- Efficient decision process that makes the best use of senior managers' time.
- Better quality decisions through technical expertise and experience.
- Unbiased consideration of all possibilities, including incumbent managers.
- Thorough documentation.

### *Typical Services*

#### Single-Class Manager Search

An analysis of candidates yielding a specific recommendation and several viable alternatives; includes structured sessions with your decision-making committee and opportunities for input throughout the process:

- Policy input
- Screening & ranking criteria
- RFP's
- Manager presentations

#### Multi-Class Manager Search

Specific recommendations for multiple investment managers, optimizing the selection process to account for constraints imposed by a bundled service provider.

#### Service Provider Search

Management of the RFP process to select a recordkeeper, custodian, trustee, employee education or advice provider.

## **Performance Monitoring**

Vigilance is important when you are responsible for other people's money. Effective performance monitoring allows detection of problems with the investment program while they are small, isolated, and easy to correct. We cut through data clutter, bringing issues to the forefront along with recommendations for corrective actions when necessary.

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### *Key Benefits*

- Improved program quality yielding better investment results and increased employee satisfaction over time.
- Early detection of performance problems, when less drastic corrective action is required.
- Reduced burden on staff and key decision-makers by relying on professional analysis supported by data.
- Documented compliance with fiduciary requirements to perform ongoing due diligence.

### *Typical Services*

#### Investment Performance Monitor

Comprehensive periodic review of performance covering market conditions, plan-level performance, compliance with investment policy criteria, and a detailed analysis of each manager. Includes 2-6 pages of commentary, data tables, and charts for each manager in a logical, easy-to-read format. Clients typically subscribe on a quarterly or semi-annual basis in a retainer relationship including visits by a Bellwether Investment Consultant to explain key issues and answer questions.

#### Single Performance Analysis

A one-time investment program "check-up" including specific recommendations to improve program quality.

#### Market Update

A quarterly update that keeps sponsors in touch with the market and key economic issues. Receive the update as part of our Investment Performance Monitor, or subscribe to our quarterly "Market Recap" newsletter.

## **Employee Education**

Sponsors of participant-directed retirement plans face special challenges. Participants have varying degrees of knowledge, experience, and comfort with investment decision-making. Even the most carefully designed and maintained program will fail to achieve the results desired if participants don't know how to use it. We have a wealth of experience with content covering financial planning, investment basics, asset allocation, fund selection, and analysis methods for advanced investors.

### *Key Benefits*

- Increased participation and contribution rates.
- Better investment decisions made by participants, leading to greater satisfaction with the plan.

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- Maximum protection for plan sponsors concerned with the possibility of participant litigation.
  - Education and advice that fits the sponsor's budget and tolerance for fiduciary risk.

### *Typical Services*

#### Education & Communication Program Design

A thorough review of current education materials, past investment behavior, and current attitudes about the program leading to development of new content and design elements. May include research through interviews, surveys, and focus groups. Project scope is carefully controlled to meet budgetary constraints while yielding measurable results.

#### Asset Allocation Programs

Model investment portfolios for participants of various risk profiles, designed either as investment education or advice. Based on asset-class characteristics or specific plan investment options, using contemporary portfolio construction methods.

#### Investment Advisor Searches

Management of the process to select a qualified investment advisor to provide specific investment advice to participants. Includes administration and analysis of RFP's for either face-to-face, call center, or internet-based advisors.

### **Fee Reviews**

Investment fees and expenses are among the easiest factors to objectively benchmark. Unlike portfolio characteristics, fees tend to be stable over time. Unlike manager traits, they are not subject to marketing spin. The challenge is to identify all of the hidden sources of revenue buried in "bundled" recordkeeping relationships, revenue-sharing arrangements, fixed-rate products, and other sources of value for vendors. With many years of industry experience, we know exactly where the fees are. Not only will we identify and quantify them, we will provide an objective, third-party opinion as to the reasonableness of fees paid in relationship to the value of services received.

### *Key Benefits*

- Better net investment results through reduced fees.
- Lower funding and operational cost, by making sure recaptured fees are put to use for benefit of the investor.
- Documented compliance with fiduciary requirements to perform ongoing due diligence.



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### *Typical Services*

#### Investment Fee Documentation

Identification of all direct and indirect fees attributable to your investment program. Complete documentation using the Department of Labor's Fee Disclosure Form, and objective benchmarking against competitive market standards.

#### Revenue Recapture Negotiation

Leadership in negotiating fee reductions, service enhancements, or revenue recapture facilities with your investment managers, recordkeepers, or trustees.

All of our advisory services are tailored to the individual needs of our clients. Accordingly, clients may impose restrictions on investing in certain types of securities. Every problem and every opportunity is analyzed by:

- Gaining an understanding of the needs and goals of the client,
- Gathering quality data,
- Applying sound theory,
- Working the problem objectively for as long as possible, then
- Using wisdom gained through experience, making the analytic leap to a clear recommendation.

## **5. Fees and Compensation**

All fees are negotiable on a case-by-case basis, based on the scope of services desired. Fees are billed in arrears, and payment and termination terms are tailored to specific client situations. Hourly fees start at \$250 per hour and depend on specific client needs and current workload. Project and retainer fees are proposed based on projected time requirements. Clients may pay fees directly or indirectly through a record-keeper, trustee, or other agent.

Bellwether Consulting does not accept product-related compensation such as sales commissions, asset-based sales charges, or service fees.

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

Bellwether Consulting does not charge or accept any performance-based fees (i.e., fees based on a share of capital gains on or capital appreciation of the assets of a client).

Further, Bellwether Consulting does not conduct side-by-side management (i.e, charging performance-based fees on some accounts and another type of fee, such as an hourly or flat fee or an asset-based fee, on other accounts).

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## 7. Types of Clients

We provide investment advice to institutional investors, including:

- Traditional and cash balance pension plans,
- Employee-directed defined contribution plans (e.g., 401(k), 403(b), 457),
- Non-qualified deferred compensation plans,
- Taft-Hartley plans,
- Welfare benefit trusts,
- Foundations & endowments, and
- Banks, insurance companies and other organizations with operating assets.

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

Investing in securities involves risk of loss that clients should be prepared to bear. Further, it is impossible to describe every risk inherent in securities investing in this brochure.

In general, Bellwether Consulting advises clients on selection of investment managers of equity and fixed income investments. We believe in first selecting the best investment manager and then selecting the most cost-efficient delivery vehicle for that strategy, so many of our clients use a mix of mutual funds, separate accounts, and collective investment trusts.

Our investment manager selection process is a rigorous, multi-step quantitative and qualitative analysis process that considers a number of factors including absolute and risk-adjusted returns, style consistency, organizational structure and process, capabilities, and fees.

Every type of security carries risk. Material risks inherent in equity and fixed income investing include, among other things:

- **Market Risk:** the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries,
- **Management Risk:** the risk that the investment techniques and risk analyses applied by an investment manager will produce the desired results and that legislative, regulatory, or tax developments may affect the investment techniques available to an investment manager,
- **Liquidity Risk:** the risk that a particular investment may be difficult to purchase or sell and that the investment manager may be unable to sell illiquid securities at an advantageous time or price or achieve its desired level of exposure to a certain sector,
- **Currency Risk:** the risk that foreign currencies will decline in value relative to the U.S. dollar and affect investments in non-U.S. currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, non-U.S. currencies,

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- Derivatives Risk: the risk of investing in derivative instruments, including liquidity, interest rate, market, credit and management risks, mispricing or improper valuation, changes in the value not correlating perfectly with underlying assets, rates or indices, and the loss of more than the principal amount invested,
  - Leveraging Risk: the risk of increased volatility due to the incorporation of transactions designed to multiply gains,
  - Concentration Risk: the risk of loss arising from heavily lopsided exposure to a particular entity,
  - Interest Rate Risk: the risk that fixed income securities will decline in value because of an increase in interest rates,
  - Credit Risk: the risk of default by borrowers and transactional counterparties as well as the loss of value of assets due to deterioration in credit quality,
  - Structure Risk: the risk of investing in mortgage-related and other asset-backed securities, including interest rate risk, extension risk and prepayment risk,
  - Duration Risk: the price volatility associated with the length of time it takes for the price of a bond to be repaid by its internal cash flows,
  - Quality Risk: the credit worthiness or risk of default which impacts the price and yield of a bond, and
  - Mismatch Risk (for pension plans): the risk of adverse movements in the relative value of assets and liabilities (i.e., changes in value of assets and liabilities are not highly correlated).

## **9. Disciplinary Information**

There are no legal or disciplinary events to disclose for Bellwether Consulting or any of its members or employees.

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

In addition to its pension and investment consulting activities, Bellwether Consulting advises clients on the administration of retirement plans or other benefit programs and on general Human Resources and Finance policies. Bellwether also serves as an expert subcontractor for law firms and other consulting firms.

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## 11. Code of Ethics

Bellwether Consulting has adopted a Code of Ethics for all supervised persons of the Firm. All supervised persons at Bellwether Consulting must acknowledge the terms of the Code of Ethics annually or as amended.

### **Bellwether Consulting Code of Ethics**

- A. **Responsibility.** It is the responsibility of every member and employee to ensure that the Firm conducts its business with the highest level of ethical standards consistent with this Code.
- B. **Duty to Clients.** The Firm will discharge its duties of prudence and loyalty as a fiduciary, placing the interests of the Client ahead of the interests of the Firm.
- C. **Independence and Objectivity.** The Firm will avoid circumstances that might adversely affect its ability to render independent, objective advice to its Clients, and promptly disclose any conflict of interest which cannot be avoided. The Firm will not provide product consulting to asset managers, or charge any fee for access to consultants or inclusion in search projects.
- D. **Fees.** The Firm will fully disclose all fees to the Client in advance. No fee schedule will be proposed or adopted whereby fees depend on the investment product, or form of product, recommended to or adopted by the Client, including commissions.
- E. **Reports and Recommendations.** For every report and recommendation, the Firm will:
  - 1. Have a reasonable and adequate basis, supported by diligent and thorough research,
  - 2. Consider all known and material facts,
  - 3. Distinguish fact from opinion,
  - 4. Consider the appropriateness and suitability of investments based upon the Client's particular circumstances, and
  - 5. Maintain appropriate documentation.
- F. **Privacy of Client Information.** The Firm will not disclose any nonpublic information about a Client to a third party unless the Client gives permission to do so, or unless compelled by law.
- G. **Compliance with Law and Standards.** Every member and employee of the Firm will comply with the Investment Advisers Act of 1940 and associated regulations, with all other

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applicable laws such as ERISA and federal securities law, with the CFA Institute Code of Ethics, and with the Firm's compliance requirements.

H. **Duty to Supervise.** The Firm will ensure adequate supervision over the conduct of all parties who act on behalf of the Firm. The Firm will:

1. Maintain procedures that could be reasonably expected to prevent and detect violations of law,
2. Maintain a written compliance manual, and ensure all parties read, understand, and adhere to the Firm's compliance requirements, and
3. Designate a senior compliance officer.

I. **Professional Competence.** Every member and employee of the Firm will strive to improve their knowledge and competence through experience, access to information, and continuing professional education.

## 12. Brokerage Practices

Bellwether Consulting does not select or recommend brokers to clients. Further, neither Bellwether Consulting nor any related person has the authority to determine brokers to be used by clients or the brokerage commissions to be paid by clients.

## 13. Review of Accounts

As described in Section 4. Advisory Business, Bellwether Consulting provides Performance Monitoring services as follows:

### Investment Performance Monitor

Comprehensive periodic review of performance covering market conditions, plan-level performance, compliance with investment policy criteria, and a detailed analysis of each manager. Includes 2-6 pages of commentary, data tables, and charts for each manager in a logical, easy-to-read format. Clients typically subscribe on a quarterly or semi-annual basis in a retainer relationship including visits by a Bellwether Investment Consultant to explain key issues and answer questions.

### Single Performance Analysis

A one-time investment program "check-up" including specific recommendations to improve program quality.

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All performance monitoring and performance analysis services are conducted by the Investment Consultants at Bellwether Consulting.

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

Neither Bellwether Consulting nor any of its members or employees receives cash or any other economic benefit (including commissions, equipment or services) from anyone other than clients in connection with its advisory business.

Bellwether Consulting does not compensate any person either directly or indirectly for client referrals.

#### **15. Custody**

Bellwether Consulting never has custody of client funds or securities.

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

Bellwether Consulting never has discretionary authority to manage securities on behalf of clients.

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

Bellwether Consulting never has the authority to vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. If requested, Bellwether Consulting may provide advice to clients regarding the voting of proxies.

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

Bellwether Consulting has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has never been the subject of a bankruptcy proceeding.

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*This Brochure Supplement provides information about the supervised persons at Bellwether Consulting that supplements the Bellwether Consulting Brochure.*

*Please contact Lynda Sandersen, Investment Consultant if you did not receive Bellwether Consulting's Brochure or if you have any questions about the contents of this supplement.*

## **1. Supervised Persons**

Supervised persons at Bellwether Consulting include:

- Scott Jaime Cohen  
(646) 205-9346 x112  
scott.cohen@bellwetherconsulting.net
- Jacob Leon Finkel  
(646) 205-9346 x124  
jacob.finkel@bellwetherconsulting.net
- Keith Allan Hocter  
(646) 205-9346 x115  
keith.hocter@bellwetherconsulting.net
- Matthew Paul Perna  
(646) 205-9346 x 127  
matt.perna@bellwetherconsulting.net
- Lynda Marie Sandersen  
(646) 205-9346 x119  
lynda.sandersen@bellwetherconsulting.net

The business address for all supervised persons is:

Bellwether Consulting LLC  
75 Main Street, Suite 302  
Millburn, NJ 07041

## **2. Educational Background and Business Experience**

### **Scott Jaime Cohen**

Born: 1966

Education: BA Economics, Rutgers University, 1988

MBA Finance, Farleigh Dickinson University, 1994

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Business Background:

2001 – Present Investment Consultant, Bellwether Consulting LLC

**Jacob Leon Finkel**

Born: 1981

Education: BS Mechanical Engineering, Pennsylvania State University, 2003

MS Quantitative Finance, Rutgers University, 2014

Designations: CFA (Chartered Financial Analyst)

Issued by: CFA Institute

Prerequisites/Experience Required:

- Undergraduate degree and 4 years of professional experience involving investment decision-making or 4 years qualified work experience (full time, but not necessarily investment related)
- Educational Requirements: Self-study program (250 hours of study for each of the 3 levels)
- Examination Type: 3 course exams
- Continuing Education/Experience Requirements: None

Business Background:

2014 – Present Investment Consultant, Bellwether Consulting LLC

2004 – 2012 Junior Portfolio Manager, Millennium Partners, LP

**Keith Allan Hocter**

Born: 1965

Education: BS Computer & Information Science, Ohio State University, 1987

MBA Management, Rensselaer Polytechnic Institute, 1992

Designations: CFA (Chartered Financial Analyst)

Issued by: CFA Institute

Prerequisites/Experience Required:

- Undergraduate degree and 4 years of professional experience involving investment decision-making or 4 years qualified work experience (full time, but not necessarily investment related)
- Educational Requirements: Self-study program (250 hours of study for each of the 3 levels)
- Examination Type: 3 course exams



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- Continuing Education/Experience Requirements: None

Business Background:

2001 – Present Investment Consultant, Bellwether Consulting LLC

**Matthew Paul Perna**

Born: 1987

Education: BS Business Administration, Villanova University, 2010

Designations: CFA (Chartered Financial Analyst)

Issued by: CFA Institute

Prerequisites/Experience Required:

- Undergraduate degree and 4 years of professional experience involving investment decision-making or 4 years qualified work experience (full time, but not necessarily investment related)
- Educational Requirements: Self-study program (250 hours of study for each of the 3 levels)
- Examination Type: 3 course exams
- Continuing Education/Experience Requirements: None

Business Background:

2012 – Present Investment Consultant, Bellwether Consulting LLC

2010 – 2012 Citigroup

**Lynda Marie Sandersen**

Born: 1965

Education: BA English, Rutgers University, 1987

MBA Management, Stern School of Business, New York University, 1999

Business Background:

2004 – Present Investment Consultant, Bellwether Consulting LLC

**3. Disciplinary Information**

There are no legal or disciplinary events.

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#### **4. Other Business Activities**

No supervised person is engaged in any investment-related business or occupation other than with Bellwether Consulting.

#### **5. Additional Compensation**

No supervised person receives any economic benefit from any person, company, or organization in exchange for providing advisory services through Bellwether Consulting except for a salary and regular or annual bonuses from Bellwether Consulting.

#### **6. Supervision**

Client relationships are managed and advice is rendered under the governance of a "Practice Committee" composed of the managing members of the Firm which include:

- Scott Cohen  
Investment Consultant  
(646) 205-9346 x112
- Keith Hocter  
Investment Consultant  
(646) 205-9346 x115
- Lynda Sandersen  
Investment Consultant  
(646) 205-9346 x119