

# Bolton

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## INVESTMENT

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**Bolton Partners Investment Consulting Group, Inc.**

**Form ADV Part 2A**

**Investment Adviser Brochure**

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This brochure provides information about the qualifications and business practices of Bolton Partners Investment Consulting Group, Inc. If you have any questions about the contents of this brochure, please contact Christopher Bolton, our Chief Compliance Officer, at 443-703-2515 or [cgbolton@boltonusa.com](mailto:cgbolton@boltonusa.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.

Bolton Partners is a Registered Investment Adviser with the SEC. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Bolton Partners Investment Consulting Group, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2. Material Changes

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Since our last Form ADV Part 2A, dated March 2, 2022 we have no material changes to report.

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## Item 4. Advisory Business

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Founded in 1994, Bolton Investment Consulting Group, Inc. (“BPICG”) provides investment consulting to institutional benefit plans such as trustee directed OPEB, Welfare, Pension, DROP and LOSAP and participant-directed 457(b), 403(b), 401(a) and 401(k) plans. These services include the formulation and review of investment goals and objectives, reviewing and updating Investment Policy Statements, developing and implementing asset allocation strategies, performance monitoring, measurement and reporting, analysis of financial and economic markets, plan design consulting, and reviewing plan fees.

We are an independent investment consulting firm that acts as fiduciaries on the plans we advise, and strictly work in the best interest of our clients. We are an investment advisor under the Investment Advisor’s Act of 1940, and serve as both a discretionary or non-discretionary advisor. We are also certified by the Centre for Fiduciary Excellence (CEFEX). We do not receive any revenue sharing, soft dollars, and do not participate in wrap fee programs. 100% of our revenue is derived from institutional investment consulting and we do not receive any indirect or third-party compensation.

Our parent company is BOD Group, Inc. and we are affiliated with Bolton Partners, Inc., which is an actuarial and employee benefits consulting firm. We are a 100% employee-owned C corporation.

BPICG provides both discretionary and non-discretionary investment advisory services to institutional investors. The majority of our consulting is non-discretionary and the services we provide include:

- Investment Policy Statement Creation and Review
- Asset Allocation Modeling and Analysis
- Performance Monitoring & Reporting
- Fee Benchmarking and Analysis
- Plan Provider Searches
- Committee Training and Education
- Selection and Monitoring of Investment Managers
- Plan Design and Review

We tailor our advisory services to the needs of each client. We make every effort to ensure that we incorporate each client's objectives and constraints in our analysis so that we identify appropriate solutions. All our investment advice is at the plan and manager or fund level. We do not provide security-specific advice.

As of December 31, 2022, BPICG’s Assets Under Advisement were approximately \$6,186,035,854, where we act as a 3(21) fiduciary. As of the same date, we had approximately \$37,362,082 in Assets Under Management, where we act as an ERISA 3(38) Investment Manager.

## Item 5. Fees and Compensation

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There are three ways in which we are compensated: 1) fixed annual fee, 2) a percentage of assets under advisement or management and 3) hourly rates. Most of our revenue is derived from investment monitoring services where we charge an annual fixed fee. The amount of the annual fee will vary depending on the type and complexity of the services provided, travel requirements, as well as the level of administration requested, either directly or assumed, by the client. The applicable fee is negotiated with the client and determined in advance of the services rendered.

For some clients, BPICG negotiates a fee based upon a percentage of the client's assets under advisement or management. This fee is based upon the same factors used to determine the flat fee and is billed quarterly based upon the value of the client's assets under advisement or management as of the last day of the previous quarter.

In very rare instances, we may charge based upon an hourly fee negotiated with the client. Fees billed by the hour have been a de minimus portion of our revenue over the past 5 years.

All fees are billed in arrears based on the frequency of our work. For example, we send quarterly invoices to clients who receive quarterly monitoring reports. All our client contracts have a termination clause and if exercised, any paid yet unearned fees will be promptly refunded and any unpaid fees will be due and payable.

None of BPICG's supervised persons is compensated for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

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We do not charge or accept performance-based fees.

## Item 7. Types of Clients

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We provide independent investment consulting and fiduciary services to sponsors of retirement & benefit plans, including defined contribution plans, defined benefit plans, welfare funds, DROP plans, OPEBs and VEBAs. Our clients include, but are not limited to public sector, multi-employer, corporate, and not-for-profit employers.

We do not have any requirements for opening or maintaining an account, such as a minimum account size.

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

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BPICG provides customized advice to both participant-directed and trustee-directed plans, and this section describes, in general, our approach to analysis, investment selection, and risk assessment and management.

**Investment Policy Statement Creation and Review** – We meet with our clients to understand the investment goals and objectives and thoroughly review the Investment Policy Statement to ensure they are aligned. We consider items such as a client's projected liabilities and cash flow, plan demographics, and liquidity needs. We also review the policy provisions to ensure they are consistent with the responsibilities of a plan sponsor and in accordance with generally accepted best practices in the industry, providing recommendations for changes to the policy when needed. We will determine, or validate, which asset classes should be included, as well as identify the standards for evaluation and objectives within each asset class represented. Compliance with the Investment Policy Statement is tracked in our quarterly reports.

**Asset Allocation** – We believe that most portfolio results are driven by the asset class selection and allocation. Our asset allocation model will use annually updated capital market assumptions to create a model of projected returns based on different risk profiles. The analysis of both risk and return characteristics allows our clients to make prudent long-term investment decisions that are in the best interest of the plan and its beneficiaries.

**Performance Monitoring & Reporting** – We provide quarterly performance monitoring reports to our clients. These reports contain performance information for each investment option, asset class, and at the plan level, along with comparisons to relevant benchmarks. Also included in the report is BPICG's commentary on the markets, economy, recommendations for the plan's investment assets, and detailed reports on each investment option. Our reports can be customized to include additional information that either the client, or ICG, determines to be relevant to the prudent management of the investment portfolio. We can produce monthly flash reports and asset summaries as needed.

**Investment Expense Monitoring** – We continuously monitor our client's investment options to determine whether lower cost investment vehicles are available.

**Fiduciary and Other Training** – We provide annual fiduciary training to our clients and ongoing, asset allocation and investment training. We also provide market and economic education and commentary. Our goal is to help our clients develop a complete, well-informed understanding of their responsibilities and duties to ensure they serve as loyal, careful, and prudent fiduciaries.

**Manager Searches** - The cornerstone of our services has been the selection and monitoring of investment managers. BPICG's investment manager selection process begins by compiling and organizing data on the universe of investment options within an asset class. We then use our proprietary screening process that incorporates return, information ratio, upside/downside capture ratio, excess returns and several other quantitative criteria to create a short-list of select options for further review. These top candidates are then assessed using qualitative factors including manager calls, investment strategy review, firm stability, tenure of Portfolio Manager and team, style consistency, and fees. The short-list is further refined to two or three finalists. The ICG Investment Committee then reviews the finalists to make a detailed recommendation based on all the data and the specific needs of the client. We follow manager selection with comprehensive monitoring of the selected investment managers, and we act as a fiduciary as it relates to investment manager decisions.



**Mutual Funds and Exchange Traded Funds** - Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its underlying index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their underlying indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the underlying index. Some ETFs may invest in securities or financial instruments that are not included in the underlying index, but which are expected to yield similar performance.

**Risk of Loss** - All investing involves risk of loss that clients should be prepared to bear and should be considered carefully. Associated fees of any investment strategy can have a material impact on performance. For any risks associated with investment company products, such as mutual funds, please refer to the prospectus for additional details about these risks.

For some plans, we act as an ERISA defined 3(38) Investment Manager. In this capacity we have discretion on asset class and manager selection. We follow the processes outlined above for those clients in which we are an ERISA 3(38) Investment Manager.

## Item 9. Disciplinary Information

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We do not have any legal or disciplinary events to disclose.

## Item 10. Other Financial Industry Activities and Affiliations

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We are a fiercely independent investment consulting firm that act as fiduciaries on the plans we advise, and strictly work in the best interest of our clients. ICG provides investment consulting services to participant directed and trustee directed employee benefit plans, such as retirement and welfare plans. We have no employees with dual registration with a broker-dealer. None of our employees are registered as, or have an application pending to register as, a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Our parent company is BOD Group, Inc, a 100% employee-owned C corporation. We have a material relationship with two (2) "related persons," who may also be defined as employee benefit consultants. All of these companies are owned by BOD Group, Inc., and the two (2) related companies are:

*Bolton Partners, Inc.*, provides actuarial consulting services to pension funds. Bolton Partners, Inc. also provides health & welfare consulting as well as compensation consulting services to employers. Both Bolton Partners Investment Consulting Group, Inc. and Bolton Partners, Inc. are located in the same office building in Baltimore, MD. Our ownership structure is detailed under Item 4.A of this document. We have adopted policies to avoid potential conflicts of interest that could arise as a result of this relationship.

*Bolton Partners D.C., Inc.* is based in Washington, D.C. and provides actuarial consulting services to the Federal Government. Bolton Partners Investment Consulting Group, Inc. has limited interaction with Bolton Partners D.C., Inc.

We seek information sharing agreements with all of our joint clients, and we have security measures in place to protect the confidentiality of client data. ICG may refer clients to one or more of their affiliated entities. BPICG does not receive any compensation for referrals, however the parent company ultimately benefits from the referrals. No Client is under any obligation to engage any of the affiliated entities. Clients are reminded that they may engage other non-affiliated entities to perform the same services.

A necessary part of our consulting is to recommend or select other Investment Advisers for our clients. Most of our clients have retirement and welfare plans that utilize mutual funds which are managed by investment advisors. Under Item 5.A of this document, we have described "How we are Compensated for our Advisory Services."

We have a few clients who utilize collective trusts. We typically recommend selection of this structure to clients when the fees are lower than the fees for similarly managed mutual funds and/or when similar mutual funds are not available on the administrator's/vendor's platform. Not all retirement and welfare plan types can utilize collective trusts.

Some of our clients have Separate Accounts, and in these instances, we recommend the selection of these managers to our clients. We do not receive any compensation directly or indirectly from those managers.

We occasionally suggest insurance brokers to clients for annuity placements. Two types of our clients periodically need annuities: (1) employers with terminated defined benefit plans and (2) plan participants with plan rollovers. The client must approve the selection of the broker and the annuity provider.

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

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Integrity and independence are core values of our firm. These are reflected in everything we do to assure that clients' interests are always first, front and center. Accordingly, BPICG has adopted a Code of Ethics (the "Code"), which is based on the principle that we have a fiduciary duty to place the interests of clients ahead of their own. The Code outlines fiduciary duty standards and policies on personal trading, prohibited and restricted transactions, insider trading, gifts and entertainment, outside employment, and political contributions. All employees must attest, annually, to our Code of Ethics and Conflicts of Interest Policy. Copies of our Code of Ethics and Conflicts of Interest Policy are available upon request.

BPICG makes recommendations for its clients in the selection and retention of mutual funds, collective trusts, and separate account investments. We do not make recommendations or trades on individual securities.

## Item 12. Brokerage Practices

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BPICG does not engage in direct securities trading, nor do we select broker dealers to execute trades.

## Item 13. Review of Accounts

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The goal of our investment monitoring reporting is to issue a fiduciary opinion on the prudence of each investment option (typically a mutual fund). We review client accounts according to the contractually agreed upon frequency. The frequency varies by client and is typically annual, semi-annual or quarterly. These reviews are documented in our regular written reports, and an oral presentation usually accompanies delivery of these reports. Our standard reports include, but are not limited to:

**Economic and Markets Review** – a summary and commentary of macro-economic indicators and market indices. We provide commentary on economic headwinds & tailwinds, leading indicators such as GDP, CPI, and unemployment, major market indices, and drivers of capital market returns.

**Plan Level Performance** – For our Trustee directed plans, we calculate the actual returns for assets that are held by a client at the asset class and plan level, including the impact of timing of contributions and trades. We provide plan level performance on both fiscal and calendar years.

**Fund Performance Detail and Scorecards** – we provide a detailed review of each investment option's absolute performance for 3 months, 1, 3, 5 and 10-years (to the extent available). We also provide a scorecard of each option's relative performance against both peers and benchmarks for 3 months and 1, 3, 5, and 10-years (to the extent available).

**Asset Allocation and Compliance Summary** – For trustee-directed plans, we provide a summary of the asset allocation as compared to the allocation policy set forth in the IPS. We provide return attribution as part of our reporting, which evaluates whether outperformance or underperformance is due to asset allocation, investment manager value-add, or "other factors". For our participant-directed plans, we provide a comparative analysis of total asset allocation and growth over specific time periods.

**Manager Review Reports** – Every performance monitoring report contains detailed fund management reports, which include information such as Deviations in a manager's stated investment style; Sector (industry weightings) compared to benchmark weightings; Risk profile compared to benchmark; Depth and turnover of key investment personnel; Amount of assets under management; and of fees.

**Expense Ratio Analysis** – We provide all clients, at least annually, an analysis that identifies the current share class of their investment options and whether a less expensive share class is available.

## Item 14. Client Referrals and Other Compensation

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We do not use third party solicitors to source client referrals. Through our interactions with other professional service organizations, we may receive client referrals from time-to-time. BPICG does not compensate any non-supervised person for client referrals.

## Item 15. Custody

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We do not have custody of any of our client's assets. A custodian, independent of BPICG, will hold all client funds and account information. We encourage clients to carefully review custodial statements and compare them with our performance reports.



## Item 16. Investment Discretion

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BPICG generally acts as an advisor for most clients. We do offer a discretionary solution to clients where we act as an Investment Manager as defined in ERISA section 3(38). Our discretionary authority, which is memorialized in the client contract, includes the ability to determine asset classes and managers retained for client accounts. When exercising our authority to manage clients' assets on a discretionary basis, we limit our authority to each client's investment policy statement, objectives, limitations and restrictions. We have an internal Investment Committee that meets monthly (or as market actions warrant) to review our discretionary accounts. This committee is chaired by our Chief Investment Officer and all our Investment Advisor Representatives have voting seats.

We do not have discretion to direct individual securities transactions on behalf of any of our plan's participants.

## Item 17. Voting Client Securities

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BPICG has internal policies for monitoring shareholder responsibility, proxy voting, and best execution policies of the Separate Account managers hired by our clients. Annually we request that Separate Account managers provide BPICG with their statements and policies related to these practices, as well as providing notification to us of any changes to those statements and/or policies. These are kept in a file for each Separate Account manager and reviewed by our consultants periodically. We do not vote proxies for our clients. We can also assist clients in developing their own policies and procedures related to proxy voting.

## Item 18. Financial Information

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BPICG does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

We have not filed a bankruptcy petition at any time.