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**An SEC Registered Investment Adviser**

**This brochure provides information about the qualifications and business practices of Modern Portfolio Consultants, LLC. If you have any questions about the contents of this brochure, please contact us at (805) 370-5300 and/or [dave@modernportfolioconsultants.com](mailto:dave@modernportfolioconsultants.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.**

**Additional information about Modern Portfolio Consultants, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Registration with the SEC or states does not imply a certain level of skill or training.**

**[FIRM BROCHURE, MARCH 27, 2014](#)**



## **ITEM 2**

## **MATERIAL CHANGES**

### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

### **Material Changes since the Last Update**

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization. As of March 27, 2014 there are no material changes to the Brochure from its previous filing of March 25, 2013.



**ITEM 3**

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#### **ITEM 4 ADVISORY BUSINESSES**

A.

Modern Portfolio Consultants, LLC (“MPC”) has been in business since 2002. MPC is a California Limited Liability Company (LLC).

B.

MPC’s primary business is of a consulting and educational nature only. MPC provides comprehensive investment management consulting services to sponsors of investment programs. In this capacity MPC does not act as a conventional money manager offering discretionary or advisory asset management. In its consulting role MPC offers assistance in the following general areas: (1) The development of long-term strategic asset allocation policy, (2) The development and maintenance of investment policies and guidelines, (3) The selection of investment managers/investment funds, (4) the monitoring and evaluation of sponsored portfolios. Evaluations generally include returns based on analyses (comparisons to objectives, risk/return analysis etc.) as well as holdings based analyses (actual portfolio characteristics, attribution etc.), (5) Setting policies concerning certain administrative and program implementation functions, such as custody, brokerage, securities lending, compliance controls etc.), (6) Customized client educational programs.

Additionally, MPC presents Investment Performance reports to clients or to its clients’ Investment Committees on a quarterly basis. The MPC will also assist client and/or the client’s Investment Committee with regular review and updates of Investment Policy Statements including asset allocation, investment manager selection, and selection of appropriate benchmarks. Other services provided may include custodian review and analysis, ongoing research and education and portfolio manager searches, including non-traditional asset classes.

At no time will MPC have any discretion to make any changes to the portfolios’ individual investments, to its overall structure or to its investment managers without the specific instruction of the client. MPC agrees to provide immediate disclosure pertaining to any other relationships in which MPC has a financial interest or receives compensation.

MPC may offer investment analytics and transparency software as a web-based investment reporting solution that provides performance and risk information. Some of this information, such as performance, will be available on a monthly basis where applicable.

C.

MPC customizes its services for each client. Thus fees may vary significantly from client to client. Our fees are determined by the services required, the complexity of tasks involved, the time required, the amount of assets, and the nature of the relationship. Fees can be paid as a percentage of assets or a retainer fee. Clients are generally billed quarterly, in advance. For all new accounts the minimum account size is \$30,000,000 and /or a minimum fee of \$50,000 per year. All fees are negotiable. Following the first week after signing of our contract, clients may terminate the contract with between 30 and 90 days written notice and receive a refund of fees for services not yet rendered. The length of time required for notification of termination is negotiated and can vary from client to client.



D.

MPC does not participate in wrap fee programs by providing portfolio management services.

E.

As of March 27, 2014, MPC was consulting to no client accounts on a discretionary basis and 6 client accounts on a non-discretionary basis with total consulting assets of \$294,762.438 valued as of 12/31/2013.

## **ITEM 5 FEES AND COMPENSATION**

A.

MPC customizes its services for each client. Thus fees may vary significantly from client to client. Our fees are determined by the services required, the complexity of tasks involved, the time required, the amount of assets, and the nature of the relationship. Fees can be paid as a percentage of assets or a retainer fee. Clients are generally billed quarterly, in advance. Generally the minimum account size is \$30,000,000 and /or a minimum fee of \$50,000 per year for new clients. All fees are negotiable.

B.

Following the first week after signing of our contract, clients may terminate the contract with between 30 and 90 days written notice and receive a refund of fees for services not yet rendered. The length of time required for notification of termination is negotiated and can vary from client to client. If agreements are canceled during their term, any fees due either party will be prorated appropriately as set forth in the advisory agreement. Accordingly, if a client pays in advance and the agreement is terminated prior to the end of the billing period, MPC will return a proportionate amount of the fees based on the percentage of services performed or the proportion of the period for which MPC has performed services, depending on the particular client agreement.

## **ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Neither MPC nor any of its officers, directors, employees, or persons providing advice on MPC's behalf and subject to MPC's supervision and control accepts performance-based fees.

## **ITEM 7 TYPES OF CLIENTS**

MPC offers Investment Management Consulting Services to tax exempt, committee driven sponsors of investment portfolios, such as Corporate Retirement Plans, Endowments and Foundations, Hospitals, Religious Organizations, Taft-Hartley Plans, Trusts, Revolving Funds, etc

## **ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

A.

MPC's securities and analysis methods do not include traditional fundamental, technical and cyclical analysis. MPC is solely an investment consultant and does not, in its normal course of business, advise on specific securities. Clients typically utilize investment advisors to manage their portfolios which may be invested across a broad array of asset classes. Some clients may choose to implement certain investment programs with selected investment organizations utilizing vehicles regulated as securities, such as an investment company securities or limited partnership interests.



Other methods of analysis may include interviews and on-site visits with investment managers.

MPC's analytical focus is on recommending suitable investment managers for clients; MPC does not engage in analysis of individual equity or fixed income securities. These investment managers, in turn, select individual securities for each client based on the investment manager's stated investment strategy.

B.

Investing in securities involves risks of loss that clients should be prepared to bear. The principal risks associated with MPC's consulting services are:

- General Investment Risk, *i.e.*, the risk of deterioration in the financial markets in general;
- Strategy Risk, *i.e.*, the risk that MPC's investment asset allocation strategies and/or investment techniques may not work as intended;
- Investment Manager Risk, *i.e.*, the risks associated with the presentation of third-party investment management firms, such as fraud, deviation from defined strategies, human or system error and poor judgment.

General Investment Risk. All investments in securities and other financial instruments involves substantial risk of volatility (potentially resulting in rapid declines in market prices and significant losses) arising from any number of factors that are beyond the control of MPC and the investment managers that it recommends, such as changing market sentiment, changes in inflation, exchange or interest rates, changing domestic or international economic or political conditions or events or changes in tax laws and governmental regulation. Changes such as these, as well as innumerable other factors, are often unpredictable and unforeseeable, rendering it difficult or impossible to predict or foresee future market movements.

Strategy Risk. MPC will use its best efforts to present suitable investment managers for clients. MPC's investment strategies and/or investment techniques may not work as intended because of the results of the presented strategies to properly meet client objectives. MPC will also use its best efforts to ascertain significant details regarding the strategies used by the investment managers that it recommends. In many cases, however, MPC will not be given access to all required information.

Investment Manager Risk. MPC will not have custody or control over the assets managed by the investment managers. Clients are at risk if the investment manager fails to perform or exercises fraud, misrepresentation or simple bad judgment. Among other things, an investment manager could divert or abscond with the assets allocated to it, fail to follow its stated investment strategy and restrictions, issue false reports or engage in other misconduct. This could result in serious losses to the client.

## **ITEM 9            DISCIPLINARY INFORMATION**

In the past ten years, neither MPC nor any of its management persons have been involved in any material legal or disciplinary events. For the purpose of this item, a "management person" includes anyone with the power to exercise, directly or indirectly, a controlling influence over MPC's management or policies, or to determine the general investment advice given to its clients. Generally, management persons include (a) a firm's principal executive officers, such as its chief executive officer, chief financial officer, chief operations officer, chief legal officer, and chief compliance officer; its directors, general partners, or trustees; and other individuals with similar



status or performing similar functions and (b) members of its investment committee or group that determines general investment advice to be given to clients.

The SEC lists the following specific and disciplinary events presumed to be material unless the event was resolved in the firm's favor or otherwise shown to be non-material, although this list is not an exclusive list of material legal or disciplinary events. Neither MPC nor any of its management persons have been involved in any of these events:

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which MPC or a management person

1. was convicted of, or pled guilty or nolo contendere ("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;
2. 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;
3. was found to have been involved in a violation of an investment-related statute or regulation; or
4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which MPC or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or
2. 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 your firm or a management person to act in an investment-related business;
  - (b) barring or suspending your firm's or a management person's association with an investment-related business;
  - (c) otherwise significantly limiting your firm's or a management person's investment-related activities; or
  - (d) imposing a civil money penalty of more than \$2,500 on your firm or a management person; or



C. A self-regulatory organization (SRO) proceeding in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or
2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

**ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

A. Neither MPC nor any of management persons (as defined above in Item 9) are registered, or have an application pending to register as broker-dealer.

B. Neither MPC nor any of management persons are registered, or have an application pending to register as a futures commission merchant, a commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

C. There are no relationships or arrangements that are material to MPC's advisory business or to our clients that MPC or any of its management persons (as defined above in Item 9) have with any of the following related persons listed below, except as stated immediately below in this Item:

1. broker-dealer, municipal securities dealer or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. other investment adviser or financial planner

A. David J. Deluccia is a co-owner of MPC Capital Advisors, LLC which operates completely independent of Modern Portfolio Consultants, LLC and is registered with the SEC and provides investment consulting services to various not-for-profit organizations.

4. futures commission merchant, a commodity pool operator or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer sponsor or syndicator of limited partnerships

D. MPC does not recommend other investment advisors for clients and receive compensation directly or indirectly from those advisors. MPC previously entered into a solicitation agreement with Comerica Bank. The solicitation agreement requires MPC to comply with the disclosure and other requirements of Rule 206 (4) 3 of the Investment Advisors Act of 1940 which it does. The specific details of any solicitation arrangements are disclosed to the client in compliance with Rule 206. Other than stated MPC has no other business relationships with those advisors that create conflicts of interests.





**ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

- Code of Ethics.

MPC Code of Ethics (“Code”) was adopted in compliance with the requirements of the Investment Advisors Act. High ethical standards are essential for the success of MPC and to maintain the confidence of the clients. Modern Portfolio Consultants long-term business interests are best served by adherence to the principle that the interests of the client come first. We have a fiduciary duty to clients to act solely for the benefit of our clients. All personnel must put the interests of the firm’s clients before their own personal interests and must act honestly and fairly in all respects in dealings with clients. All personnel must also comply with all federal securities laws. In recognition of MPC’ fiduciary duty to its clients and its desire to maintain its high ethical standards, the firm has adopted this Code of Ethics (the “Code”) containing provisions designed to prevent improper personal trading, identify conflicts of interest, control outside activities, details employee reporting requirements and provide a means to resolve any actual or potential conflicts in favor of MPC’s clients.

In summary, our Code of Ethics is based on the following principles:

1. Make all decisions on behalf of, and recommendations to, our clients solely in their interest.
  2. Disclose fully to clients the compensation received, services provided, and by any and all financial relationships, direct or indirect, between the consultant and any plan official, beneficiary, sponsor, investment manager or other service provider.
  3. Maintain the confidentiality of all information entrusted to the consultants by the client to the fullest extent permitted by law.
  4. Comply fully with all statutory and regulatory requirements affecting the delivery of consulting services to clients.
  5. Endeavor to establish and maintain a standard of excellence in all aspects of investment management consulting.
  6. Maintain the highest standard of personal conduct.
- Financial Interest in Recommended or Purchased and Sold Securities. Neither MPC nor any of its related persons recommends to clients, or buys or sells for client accounts, securities in which MPC or the related person has a material financial interest without full disclosure or written client consent.
  - Investment in Recommended Securities. Neither MPC nor any of its related persons invests in the same or related securities that recommends to clients.
  - Trades in the Same Securities at the Same Time as a Client. Neither MPC nor any of its related persons recommends securities to clients, or buys or sells securities for client accounts at the same time that MPC or the related person buys or sells the same securities for its own (or the related person’s own) account.



## **ITEM 12      BROKERAGE PRACTICES**

- A. MPC does not select or recommend broker-dealers in its principal business of providing investment planning, implementation advice, and portfolio management assistance to primarily an institutional client base. Instead, MPC recommends investment managers and the choice of the broker is made by the client and investment manager. MPC has no soft-dollar or research arrangements or agreement to receive client referrals with any broker-dealer.

## **ITEM 13      REVIEW OF ACCOUNTS**

A.

MPC performs routine quarterly reviews and oversight of all investments and provides a summary of investment performance results by manager and portfolio. Significant events, such as extreme market changes or social events, or client specific events, such as a merger, may trigger special reviews.

B.

MPC delivers comprehensive written reports for review and discussion, on at least a quarterly basis, which include performance evaluations of each investment manager, and each portfolio; comparative performance for established benchmarks, and for peer institutions; assessment of asset allocation and need, if any, for rebalancing. Additionally, client investment manager relationships may present reports to clients or to its clients' Investment Committees on a quarterly basis. MPC will also assist client and/or the client's Investment Committee with regular review and updates of Investment Policy Statements including asset allocation, fund manager selection, and selection of appropriate benchmarks.

## **ITEM 14      CLIENT REFERRALS AND OTHER COMPENSATION**

A.

MPC has no arrangements with third parties to provide investment advice or other advisory services to MPC's clients.

B.

Neither MPC nor a related person directly or indirectly compensates any person for client referrals other than employees of MPC. MPC has previously entered into a solicitation agreement with Comerica Bank. The solicitation agreement requires MPC to comply with the disclosure and other requirements of rule 206 (4) 3 of the investment advisors act of 1940. The agreement provides for disclosure to the client in compliance with rule 206 (4)



**ITEM 15 CUSTODY**

MPC does not have custody of client funds or securities.

**ITEM 16 INVESTMENT DISCRETION**

MPC does not accept discretionary authority to manage securities accounts on behalf of clients.

**ITEM 17 VOTING CLIENT SECURITIES**

MPC, as a matter of policy and practice, has no authority to vote proxies on behalf of clients. Clients may elect to delegate proxy voting authority to the investment managers that the client engages to provide investment advisory services to such client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent rather than from MPC. Clients are free to contact their primary consultant with questions concerning a particular solicitation.

**ITEM 18 FINANCIAL INFORMATION**

A.

MPC is not required to provide financial information because it does not require prepayment of more than \$1,200 in fees per client, six months or more months in advance.

B.

There are no known financial conditions that would impair MPC's ability to meet contractual commitments to clients.

C.

MPC has not been the subject of a bankruptcy petition

**ITEM 19 PRIVACY NOTICE**

**MODERN PORTFOLIO CONSULTANTS, LLC PRIVACY NOTICE**

This Client Privacy Notice is from Modern Portfolio Consultants, LLC, a SEC registered investment advisory firm, in the business of providing investment advisory services to clients. We are committed to safeguarding the confidential information of our clients. We hold all personal information provided to our firm in strictest confidence. Except as required or permitted by law, we do not share confidential information about you with nonaffiliated third parties without notifying you as is the case with access to an on-line performance measurement web site offered by Modern Portfolio Consultants, LLC. In the unlikely event there were to be a change in this fundamental policy that would permit or require additional disclosures of your confidential information, we will provide written notice to you, and you will be given an opportunity to direct us as to whether such disclosure is permissible.

**AN IMPORTANT NOTICE CONCERNING OUR CLIENTS' PRIVACY**

**CLIENT INFORMATION WE COLLECT:**

In the case of individuals, we get most nonpublic personal information directly from clients or their agents at or about the time the advisory relationship is entered into. We may verify this information or get additional



information from consumer reporting agencies or other sources. Such information may relate to finances, employment, or other personal characteristics, such as first and last name, address, phone number, social security number, EIN and email address, as well as accounts with us and transactions and interactions by us, with us, through us, or with others. We may also collect information about what clients have entered into, viewed on and/or downloaded from our website.

#### DATA SECURITY:

We restrict access to Client Information to those representatives and employees who need the information to perform their job responsibilities within our firm. We maintain agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard Client Information about you. We also use third party services such as analytical systems, e-mail archiving, cloud storage, etc. in regard to maintaining written agreements, etc.

#### USE AND DISCLOSURE OF CLIENT INFORMATION:

To administer, manage and service client accounts, process transactions and provide related services to your accounts, it is necessary for us to provide access to Client Information within our firm and to non-affiliated companies such as other investment advisors, broker-dealers and custodians. We may also provide Client Information outside of our firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

#### FORMER CLIENTS:

If the account with our firm is closed, we will continue to operate in accordance with the principles stated in the Client Privacy Notice.

#### REQUIREMENTS OF FEDERAL LAW:

In November 1999, Congress enacted the Gramm-Leach-Bliley Act ("GLBA"). The GLBA requires certain financial institutions, including broker-dealers and investment advisors, to protect the privacy of Customer Information. To the extent a financial institution discloses Client Information to non-affiliated third parties other than as permitted or required by law, clients must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that we do not disclose Client Information to non-affiliated third parties except as permitted or required by law (e.g., disclosures to service your account or to respond to subpoenas).