

**Portfolio Evaluations, Inc.**  
**Part 2A of Form ADV**  
**Brochure**

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Warren, NJ 07059  
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Updated: March 2017

This brochure provides information about the qualifications and business practices of Portfolio Evaluations, Inc. (“PEI”). If you have any questions regarding the contents of this brochure, please contact us at (973) 538-4347. 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 PEI is also available on the United States Securities and Exchange Commission website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

PEI is an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). Registration with the SEC does not imply a certain level of skill or training.



## **Material Changes**

PEI last updated this Part 2A of Form ADV in March 2016. PEI's business activities have not changed materially since the time of that update.

In the past, PEI has offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to SEC rules, PEI will ensure that clients receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. PEI may further provide other ongoing disclosure information about material changes as necessary.

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## **Advisory Business**

Portfolio Evaluations, Inc. (referred hereafter as “PEI”) was established in 1992 by Attila Toth, Michael Sasso, and Richard Torbinski. PEI is owned equally by these three individuals. From its inception the firm has focused on providing fiduciaries with an objective, independent third party evaluation of their investment portfolios, thereby assisting with the fulfillment of a prudent process.

PEI is a privately owned firm. PEI does not have any affiliated companies and the firm’s ownership and business structure have not changed since inception.

PEI is incorporated as a Subchapter S corporation in the State of New Jersey. Our headquarters is in Warren, New Jersey.

It is the mission of PEI to provide unbiased, independent advice and fiduciary services to help our clients achieve their investment objectives and manage fiduciary risk by delivering comprehensive and expert financial guidance with the highest degree of professionalism. We are committed to providing our clients with the tools and resources necessary for the building and maintaining of profitable investment programs and prudent fiduciary processes.

PEI provides the following services to our clients.

### **Fiduciary Process Management**

- Acts as Investment Fiduciary
- Fiduciary Education
- PEI-Shield Program Management
- Meeting Agendas & Minutes
- Online Fiduciary Documentation Center
- Regulatory Updates

### **Fiduciary Plan Services**

- Investment Policy Statement Development
- Investment Committee Charter Development
- Investment Menu Design & Review
- Plan Fee Benchmarking
- Plan Fee Assessment
- Plan Fee Education
- Participant Education
- Asset Allocation Analysis
- Asset/Liability Analysis

**Fiduciary Oversight of Provider Services**

Service Provider Due Diligence  
Service Provider Searches  
Custodian Searches

**Fiduciary Investment Due Diligence**

Performance Evaluation & Monitoring  
Investment/IPS Compliance Review  
Investment Manager Fee Benchmarking  
Discretionary Manager Searches  
Investment Manager Searches & Selection  
Target Date Funds Glide Path Methodology Review  
Qualified Default Investment Alternative Evaluation  
Investment Alerts & Research

PEI will tailor its advisory services to meet the needs and objectives of each client. PEI will recommend the services we believe will help meet a client's needs and objectives. Each client has discretion on the services utilized.

**Fees and Compensation**

PEI is compensated by fixed fees for performing its services. PEI fees for services provided are calculated under one of the following scenarios:

- Hourly charges range from \$240 - \$450.
- One-Time Projects are typically charged a fixed fee priced on the scope of project.
- Full Retainer arrangements are generally charged a fixed annual fee priced on the scope of services and length of relationship.

PEI's fees are negotiable.

For project work, fees charged are specific to each client and are outlined in the client agreement. For retainer clients, fees are billed each quarter in which services are delivered. Under no circumstances will PEI charge any fees six months or more in advance.

PEI clients wishing to terminate a contract must provide 180-days advance written notice for any reason. Upon the termination of an agreement, the client shall pay PEI for all of the services it has provided or otherwise would have provided within the 180-day advance written notice period in accordance with the fee schedule or such other fee schedule then in effect.

Notice must be sent to:

Portfolio Evaluations, Inc.  
Attn: Fana Horenbein – Controller  
15 Independence Boulevard  
Warren, NJ 07059

All of PEI's revenue is generated from direct billing to our clients. PEI does not accept commissions, revenue sharing, referral bonuses or similar arrangements under any circumstance.

## **Performance-Based Fees and Side-by-Side Management**

PEI does not charge performance-based fees.

## **Types of Clients**

PEI provides investment and fiduciary consulting services on defined contribution plans, defined benefit plans, endowments and foundations, non-qualified plans, Taft-Hartley plans, board designated funds, and other institutional investment portfolios. Our clients include corporations, non-profits, endowments & foundations, government agencies, tribal governments, family offices, and unions.

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

PEI's methods of analysis include our investment manager research and investment performance monitoring. PEI has clients whose portfolios may be invested in mutual funds, separate accounts, collective trusts, commingled trusts, hedge fund-of-funds, and individual stocks and bonds.

### Investment Manager Research

PEI has a research team dedicated to the monitoring and selection of investment managers. PEI analysts are assigned one or more asset classes for which they are responsible for screening, monitoring, and selecting top managers, as well as ongoing due diligence. These assignments may include:

- Money Market
- Stable Value
- Fixed Income
- Hybrid/Balanced
- Equity
- Real Estate
- Alternatives

Periodically, each analyst presents a formal update on their screening process and manager recommendations. Managers can be removed at any time if circumstances change.

PEI regularly conducts due diligence meetings and/or conference calls with these investment management firms. Due diligence meetings may occur at the investment management firms' offices or at our home office in Warren, NJ.

#### Investment Performance Monitoring

PEI's performance measurement and monitoring reports provides fiduciary due diligence on managers. Each report has sections such as: investment policy statement, plan asset analysis, investment risk/return analysis & statistics, and investment fee analysis. PEI tracks numerous different portfolio characteristics including: returns, risk, risk-adjusted performance, assets under management, sector weightings, market capitalization, valuation, expenses, credit quality, duration, maturity, style (returns and holdings based), asset allocation, regional weightings, and turnover.

Based on these and other criteria, PEI develops a report for all the different asset classes that comprise an investment portfolio. Each report is uniquely customized to reflect compliance with a client's investment policy statement.

#### Risk of Loss

While PEI rigorously follows accepted investment principles, all investments have the potential risk of loss and clients need to be prepared for this possibility. Clients should carefully evaluate all applicable risks with any investment or investment strategy, and realize that investing in securities involves risk of loss that clients should be prepared to bear.

## **Disciplinary Information**

Neither PEI, nor any member of our firm, has ever been fined, disciplined, or suspended by the SEC, the NASD, any regulatory agency or exchange, association, or government agency. PEI has never had litigation of any kind filed against the firm.

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

PEI does not maintain additional financial industry affiliations. PEI does not have any broker / dealer relationships or any relationships with other financial organizations. No PEI employee is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

## **Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

PEI has adopted the CFA Institute Code of Ethics and Standards of Professional Conduct and also has a gift policy.

PEI claims compliance with the CFA Institute Code of Ethics and Standards of Professional Conduct. This claim has not been verified by the CFA Institute.

PEI employees are obligated to acknowledge and agree to abide by each policy on an annual basis. Breach of these policies will result in internal investigation and disciplinary action up to and including termination.

PEI also requires all Investment Consultants to sign an annual trading disclosure notice pertaining to personal brokerage account activity.

These policies are reasonably designed to prevent a PEI employee from compromising their own or another PEI employee's independence and objectivity, to prevent the misuse of material non-public information, and to encourage PEI employees to conduct their affairs with utmost integrity in an ethical manner.

Copies of these policies are made available upon request to any client or prospective client.

## **Brokerage Practices**

PEI does not participate in any brokerage practices.

PEI does not select or recommend broker-dealers for client transactions.

PEI does not receive soft-dollar benefits from broker-dealers.

## **Review of Accounts**

PEI's investment consultants review client accounts generally on an annual, semi-annual, or quarterly basis. The timeframe of when reviews are conducted is determined by the contractual obligation agreed to between PEI and the client. All performance monitoring reports include investment due diligence analysis, plan asset analysis, and the client's investment policy statement.

PEI's Research Group conducts ongoing due diligence of the investments used by our clients. The due diligence focuses on areas such as performance, risk statistics, and portfolio characteristics and may include meetings and/or conference calls with investment managers. The information gathered is then archived and used in the development of the performance monitoring reports.



PEI is capable of conducting meetings in person or via teleconference with the method of delivery determined by the contractual obligation agreed to between PEI and the client. All reports are written and are made available to the client in hard copy and electronic forms.

## **Client Referrals and Other Compensation**

PEI does not pay for any referrals, nor does PEI accept any other compensation from investment managers, vendors, or other parties related to client accounts.

## **Custody**

PEI does not have custody of client assets.

## **Investment Discretion**

PEI does not have any discretion over any client accounts or assets.

## **Voting Client Securities**

PEI does not accept the authority for proxy voting of client securities. PEI does not directly receive proxies on behalf of clients. At times, clients may approach PEI requesting assistance on voting proxies. In the event of these inquiries, PEI does maintain an internal policy related to client inquiries on proxy statements received by the client.

## **Financial Information**

Registered investment advisers are required in this section to provide you with certain financial information or disclosures about PEI's financial condition. PEI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and PEI has not been the subject of a bankruptcy proceeding.