



## **Form ADV Part 2A Retirement Plans**

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This Brochure provides information about the qualifications and business practices of Multnomah Group, Inc. If you have any questions about the contents of this Brochure, you may contact us at (888) 559-0159 or [bonnie.treichel@multnomahgroup.com](mailto:bonnie.treichel@multnomahgroup.com) to obtain answers and additional information. Multnomah Group, Inc. is an investment adviser registered with the Securities and Exchange Commission ("SEC"). Registration of an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

## ITEM 2 – MATERIAL CHANGES

The date of our previous annual update to our Brochure was February 25, 2017. Since that time, we have not made any material changes to our Brochure.

Our Brochure is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Multnomah Group, Inc. is 132131. We may provide ongoing disclosure information about material changes as necessary and will further 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 Bonnie Treichel, Chief Compliance Officer of Multnomah Group, Inc. at (888) 559-0159 or [bonnie.treichel@MultnomahGroup.com](mailto:bonnie.treichel@MultnomahGroup.com). Our Brochure is provided free of charge.

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## ITEM 4 – ADVISORY BUSINESS

Multnomah Group, Inc. (“Multnomah” “we” or “us”) is an independent Portland, Oregon based registered investment advisory firm providing a variety of investment advisory and consulting services to our Clients. This Brochure has been created to provide information relating to the services we provide to employer sponsored retirement plans.

The firm has been in business since 2003 and registered as an investment adviser with the SEC since 2005. The principal owners are Erik Daley and Scott Cameron. Bonnie Treichel is the Chief Compliance Officer. Our approach uses broadly diversified portfolios and a systematic strategy to manage investments. We follow strict fiduciary standards, putting our Clients’ interests before our own and seeking to avoid conflicts of interest with our Clients.

We provide comprehensive investment advisory, consulting, and fiduciary services to defined benefit, defined contribution, and deferred compensation plan sponsors. The typical services we offer are generally described below:

### Investment Consulting

- Assistance with the development of an Investment Policy Statement (“IPS”)
- Recommendation for target investment allocation
- Recommendation for the structure of a plan’s investment menu
- Recommendation of investment vehicles for a plan
- Ongoing monitoring of the investments
- Analysis and recommendations regarding managed account solutions

Our investment recommendations primarily include mutual funds. Additionally, we may provide advice on other types of investments such as collective investment trusts, exchange traded funds, insurance company accounts (separate or fixed), certificates of deposit, U.S. government securities, and money market funds. See Item 8 for a description of our investment strategy.

### Vendor Search

Conducting a vendor search can be a detailed, time-intensive process. Multnomah Group manages the search process by providing the following services:

- Conducting interviews with the vendor selection committee to articulate the desired retirement plan structure
- Preparation of a Request for Proposal (“RFP”)
- Distribution of the RFP to pre-qualified vendors
- Management of vendor inquiries
- Comprehensive report on the vendor proposals submitted, including projection of current and proposed fees
- Recommendation, interviews and site-visits of finalists

- Implementation support

If the vendor search warrants the selection of a new vendor, the conversion process requires significant planning time and may have a dramatic impact on the participant user experience. However, a properly guided vendor search and implementation may result in:

- Improved service at the plan sponsor and participant levels
- Enhanced educational strategies and tools
- Better investment options
- Increased participation
- Decreased overall costs
- Increased overall participant satisfaction with the plan

Multnomah Group applies objective best practices in order to mitigate inconveniences and result in the selection of the most suitable vendor to the plan.

### **Fiduciary Governance**

A strong fiduciary governance structure is the bedrock of a successful retirement plan program. A sound framework helps to limit fiduciary liability within the organization and empowers those delegated to proactively manage the plan to help ensure its ongoing benefit to participants.

Proper governance is well-documented, identifies the parties involved with the plan, delegates responsibilities to the appropriate parties, and creates a process to make decisions about vendors, services, fees, and investments.

Fiduciary governance structures are as unique as the organizations that utilize them. Multnomah Group assists clients with the development of structures, documentation, and processes in:

- Initial fiduciary assessment
- Committee charter
- Board resolution
- Fiduciary governance education program
- Investment policy statement

### **Employee Engagement**

We believe traditional retirement plan education has failed to move the needle in helping participants achieve a successful retirement outcome. Group education is economical but generally ineffective in its current form and participant advice is underutilized by the participants who need it the most.

A successful employee engagement program focuses on helping participants achieve sufficient income in retirement. Multnomah Group supports better retirement outcomes by working with sponsors to design plans that are:

- Easy to start
- Leak-proof
- Safe to leave

### Fee Benchmarking

The topic of fee reasonableness has become a critical Department of Labor focal point since the late 2000s, making it extremely important for plan sponsors to be able to clearly articulate the process by which fiduciaries conclude that all plan fees are reasonable considering relevant facts and circumstances. The concept of fee reasonableness has grown so pervasive that many plan sponsors not covered under ERISA also seek to ensure fee reasonableness as a best practice. Multnomah Group provides plan specific fee benchmarking analysis to assist our clients in meeting the fee reasonableness standard. We use proprietary market pricing data to estimate the fee range specified in our analysis report. Multnomah Group's goals in providing the annual fee benchmarking analysis to our clients are as follows:

- Assist ERISA covered clients in meeting ERISA's fee reasonableness standard
- Assist ERISA exempt clients in maintaining a fee reasonableness best practice by providing meaningful comparison
- Assist clients in understanding applicable plan services fees by discussing the current fee structure
- Provide a discussion springboard for related topics such as the duty to prudently monitor the plan's vendors
- Recommend potential next steps (e.g. renegotiate service provider fees and/or service levels, launch formal request for proposal process) depending upon where current fees fall

### Plan Design

In our work with clients, we have found that it is the design of the retirement plan that is the primary determinant of a plan's effectiveness. Unfortunately, many employers focus nearly exclusively on the rate and methodology of the employer contribution while neglecting other factors that may have an equivalent impact. Features such as automatic enrollment, automatic escalation, and plan leakage affect participant success as much as contribution rate and methodology. Plan sponsors should evaluate the design of their plan with a lens focused on all the aspects of design that impact their employee population. Multnomah Group's consultants and Technical Group have a wealth of experience in designing all types of qualified and non-qualified retirement benefit and incentive programs including:

- 401(a)
- 401(k)
- 403(b)
- 457(b)
- 457(f)
- Profit Sharing
- Defined Benefit
- Cash Balance

Our consulting services are provided under an agreement and within parameters set forth between us and the plan sponsor(s). If a plan sponsor engages us to provide advice to participants, such advice will be limited to general retirement planning issues, fund selection, and asset allocation of plan assets.

As of December 29, 2017, we have regulatory assets under management of approximately \$631,930,004, which includes both assets managed on a discretionary and non-discretionary basis; of this amount, approximately \$563,521,659 are managed on a discretionary basis. We provide fiduciary investment advisory services to retirement plan clients with approximately \$18,632,855,156 in plan assets; some of these assets are included in our regulatory assets under management. We do not participate in or sponsor any wrap-fee programs.

## ITEM 5 – FEES AND COMPENSATION

Fees are generally calculated as a flat fee, asset-based fee, or a combination of both. We also provide hourly consulting services for other projects.

Our fees are highly dependent on a variety of factors, including: the size of the portfolio, the scope of work required by the agreement, the location of the Client and whether travel is required, and the number of meetings the Client requires. As a result, we do not have a standard fee schedule that applies to all Clients. We generally require a minimum annual fee of \$15,000 to provide ongoing investment consulting services. However, this minimum fee may be reduced or waived at our discretion.

Client fees are typically billed quarterly in advance. Clients receive an invoice and they alternately elect to pay that fee directly or instruct their custodian to pay the fee from plan assets. In certain instances, we may invoice clients less frequently on a semi-annual or annual basis.

AUM fees are charged quarterly in advance based upon the market value of the account at the end of the quarter. Fees for a partial quarter at the commencement or termination of an agreement will be prorated based on the number of days the account was open during the quarter. We may modify the terms of the fee agreement by giving Clients 60 days written notice in advance.

Market value means the value of all assets in the account (not adjusted by any margin debit). To determine value, securities and other instruments traded on a market for which actual transaction prices are publicly reported shall be valued at the last reported sale price on the principal market in which they are traded. Other readily marketable securities and other instruments shall be priced using a pricing service or through quotations from one or more dealers. In rare circumstances, less actively traded securities or other assets may not have readily available market quotations. When necessary, Multnomah will take steps to ensure that an appropriate valuation methodology is used to determine the value of the security.

Hourly fees typically range between \$150 - \$500 per hour depending on the personnel utilized, and the scope and complexity of the work to be performed. We generally invoice Clients monthly for hourly rate services/projects. A price for a fixed fee project is quoted at the start of a project. Clients are typically billed monthly based on our hourly rate until the quote is reached. Payment is due by Clients upon receipt of the invoice.

Clients pay brokerage transaction costs and other charges directly to the custodian. See Item 12.

Clients may be required to pay, in addition to our fee, a proportionate share of any investment product's (i.e. mutual fund, exchange-traded fund, variable annuity, etc.) fees and charges. For example, mutual fund operating expenses are paid out of the fund and are an additional expense incurred by the Client

Fees include our time to work with a Client's attorney, accountant, or any third party. However, we are not responsible for any fees that may be separately charged to Client by those third parties.

Upon termination of any account or project, any prepaid but unearned fees will be promptly refunded by us. Any fees that have been earned by us but not yet paid by the Client will be immediately due and payable. The Client or

Multnomah may generally terminate a service agreement for any reason by providing the other party with 60 days prior written notice.

Neither Multnomah, nor any supervised person associated with us accepts any compensation for the sale of securities or investment products.

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

Multnomah does not charge any performance-based fees for its services. Accordingly, this item is not applicable to our firm.

## **ITEM 7 – TYPES OF CLIENTS**

We provide comprehensive investment advisory, consulting, and/or fiduciary services to both qualified and non-qualified defined benefit, defined contribution, and deferred compensation plan sponsors. Specifically, we provide services to the following types of clients:

- Individual and high net worth individuals
- Pension and profit sharing plans
- Charitable organizations



- Corporations
- Other investment advisers

Generally, we require a minimum of \$15,000 annually to provide ongoing investment consulting services. In our discretion, we may, but are not required to, reduce or waive this minimum fee.

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

The types of investments we recommend, our investment strategies and advice may vary depending upon each Client's specific financial situation. As such, we determine investments and allocations based upon predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Client restrictions and guidelines may affect the composition of the portfolio.

### **Investment Strategy**

Multnomah builds broadly diversified portfolios in the global fixed-income and equity markets, combined with periodic rebalancing. Clients may engage us to assist them in developing an Investment Policy Statement (or similar document used to establish suitability) which outlines their investment philosophy, management procedures, and long-term goals. Portfolio design is tailored to each Client's risk tolerance and preferences. For example, socially responsible and environmentally sustainable funds are available. Our investing is guided by the following beliefs:

- We believe in the long-term growth potential of equities and use these to form the core of an investment portfolio.
- We believe solid research is fundamental and critical to sound investment decisions.
- We believe in a long-term approach. Numerous studies and statistics have shown that a stable investment approach with a long-term perspective yields better long-term result than rapid trading, and we will employ this method to maximize benefit for our Clients.

### **Type of Investments**

Our recommendations may differ from Client to Client since each Client has different needs and different tolerance for risk. We primarily recommend mutual funds to maximize diversification and minimize risk. Each type of security has its own unique set of risks associated with it, and it would not be possible to disclose all of the specific risks of every type of investment in this brochure. We strive to keep Clients educated and informed of material risks associated with particular investments. If Clients have any questions regarding the risks associated with a particular investment, they are encouraged to contact us.

Mutual funds are professionally managed collective investment companies that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual or exchange traded 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 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. Other fund risks include foreign securities and currency risk, emerging markets risk, small-cap, mid-cap and large-cap risk, trading risk, and turnover risk that can increase fund expenses and may decrease fund performance. Brokerage and transactions costs incurred by the fund will reduce returns.

We may also recommend the use of exchange traded funds ("ETF"). ETFs are investment funds traded on stock exchanges, much like stocks or equities. An ETF holds assets such as stocks, commodities, or bonds and trades at approximately the same price as the net asset value of its underlying assets over the course of the trading day. Most ETFs track an index, such as the S&P 500. However, some ETFs are fully transparent actively managed funds. Market risk is, perhaps, the most significant risk associated with ETFs. This risk is defined by the day to day fluctuations associated with any exchange traded security, where fluctuations occur in part based on the perception of investors.

Primarily we invest focusing on a long-term purchase strategy, where securities are purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. Sometimes we will employ a short-term purchase strategy where securities are purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Trading (in general, selling securities within 30 days of purchasing the same securities) is not a fundamental part of our overall investment strategy.

### **Methods of Analysis**

We may use one or more of the following methods of analysis when formulating investment advice:

*Top-down global macro-economic analysis* involves a big-picture analysis of the prevailing economic, demographic and social trends followed by a more focused analysis at the country level, then the industry level and ultimately the specific security level.

*Mutual fund/exchange traded fund analysis* involves qualitative analysis looking at factors such as the background and experience of the fund manager and/or the fund company (style, consistency, risk-adjusted performance, management expenses, average daily trading volume, etc.)

*Fundamental analysis* involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. This type of analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below perceived value. The risk is that the market will fail to reach expectations of perceived value.

### Investment Risk of Loss

As indicated in the descriptions above, investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance. Risk factors include:

- *Interest rate risk* involves the risk that a change in interest rate will have an impact on a bond's value. Generally, rising interest rates have a negative impact on bond prices so in a period of rising interest rates a bond or bond fund may experience losses in value.
- *Credit risk* is the risk that a bond issuer may not be able to make good on their obligations and could potentially be unable to pay back the owner of a bond.
- *Inflation risk* is the risk that inflation may erode an investor's purchasing power. For a bond investor that owns bonds with a fixed interest rate, higher than expected inflation reduces the real yield of their investment and may cause interest rates to increase, causing a decline in bond prices.
- *Market risk* involves the risk that a securities price may fluctuate up or down based on new market information and the collective market's perceived value of a security. Markets are inherently volatile and an investor must acknowledge that market risk is present and be willing to accept the volatile nature of their investments.
- *Business risk* is the risk associated with a single company. Business risk is impacted by a company's industry, management team, product portfolio, financial position, the broad economic outlook.
- *Currency risk* involves the risk that investments made in international securities may fluctuate in value based on exchange rates between the local currency and the investor's home currency. Currency risk may add volatility and may cause a security's performance to differ from its underlying fundamentals.

Except as may otherwise be provided by applicable law, we are not liable to Clients for any loss that a Client may suffer by reason of any investment decision made or other action taken or omitted in good faith by us with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from our adherence to a Client's instructions, or the disregard of our recommendations to a Client; or any act or failure to act by a custodian or other third party in relation to a Client's account. It is the responsibility of each Client to give us complete information and to notify us of any changes in financial circumstances or goals.

## ITEM 9 – DISCIPLINARY INFORMATION

We are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. No principal or person associated with Multnomah has any information to disclose which is applicable to this Item.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Multnomah Group, Inc., and those associated with our firm, do not materially participate in any other financial industry activities or have any other financial industry affiliations that materially impact our work as a registered investment adviser to our retirement plan Clients. Additionally, while Multnomah Group does recommend and select other investment advisers for Clients when necessary to serve their needs, we do not receive any direct or indirect compensation from those advisers. Accordingly, we believe there are no material conflicts of interest present in this type of situation.

## ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

Multnomah has a Code of Ethics which all employees are required to follow. The Code of Ethics outlines our high standard of business conduct, and fiduciary duty to Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, restrictions on the acceptance of gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. A copy of the Code of Ethics is available to any Client or prospective Client upon request. Our Clients or prospective Clients may request a copy of the firm's Code of Ethics by contacting Bonnie Treichel at (888) 559-0159 or [bonnie.treichel@MultnomahGroup.com](mailto:bonnie.treichel@MultnomahGroup.com).

Multnomah does not own or manage any companies or investments that we advise our Clients to buy. Multnomah or individuals associated with us may buy and sell some of the same securities for their own account that we buy and sell for Clients. When appropriate we will purchase or sell securities for Clients before purchasing the same for our account or allowing representatives to purchase or sell the same for their own account. In some cases, we or our representatives may buy or sell securities for their own account for reasons not related to the strategies adopted for our Clients. Our employees and other persons associated with us are required to follow the Code of Ethics when making trades for their own accounts in securities which are recommended to and/or purchased for Clients. The Code of Ethics is designed to assure that the personal securities transactions will not interfere with making decisions in the best interest of advisory Clients, while at the same time allowing employees to invest their own accounts. We maintain a list of all reportable securities holdings for ourselves and for anyone associated with our practice with access to advisory recommendations, and an appropriate officer of Multnomah reviews these holdings on a regular basis.

We will disclose to advisory Clients any material conflict of interest relating to us, our representatives, or any employees which could reasonably be expected to impair the rendering of unbiased and objective advice. As many advisory

situations could present a conflict of interest, we have established certain restrictions in order to support our fiduciary responsibilities:

- No Employee of Multnomah shall buy or sell securities for his or her personal portfolio where the decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry.
- No person of Multnomah shall prefer his or her own interest to that of the advisory Client.

Any individual who violates the above may be subject to discipline, up to and including termination.

## ITEM 12 – BROKERAGE PRACTICES

Our retirement plan Clients' assets are held by independent third-party custodians. We do not exercise discretion in recommending a recordkeeper, custodian, or broker-dealer. The Client is not obligated to effect transactions through any recordkeeper, custodian, or broker-dealer recommended by us. In assisting the Client with their decision related to a recordkeeper, custodian, and/or broker-dealer, we help them take into account relevant factors such as: price; the custodian's facilities, reliability, and financial responsibility; the ability of the custodian to effect transactions, particularly with regard to such aspects as timing, order size, and execution of order; and/or any other factors that we consider to be relevant.

We generally do not aggregate the purchase or sale of securities for Client accounts. Most transactions involve mutual funds and exchange traded funds where trade aggregation does not provide any benefit to our Clients.

## ITEM 13 – REVIEW OF ACCOUNTS

For discretionary Clients, accounts are reviewed by Scott Cameron, Principal or Erik Daley, Managing Principal (who together are responsible for overseeing all investment advisory activities for the firm) or a Senior Consultant with Multnomah Group. Both Scott Cameron and Erik Daley are Chartered Financial Analyst ("CFA") charterholders. Accounts for discretionary Clients are generally reviewed quarterly, but in any event, no less than annually. The frequency of reviews is determined based on the Client's investment objectives. More frequent reviews may be triggered by a change in Client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in fund managers; or, changes in the economic climate. Clients receive standard written account statements from the custodian of their accounts on basis no less than quarterly. We may also provide Clients with periodic written reports summarizing the account activity and performance.

For our non-discretionary retirement or other plan Clients, we provide plan sponsors a written report that reviews the investment managers utilized in the trust and the asset levels in each fund to help ensure continuing compliance with the investment strategy.

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

Multnomah Group has no arrangements, written or oral, in which it compensates any third parties for referrals of Clients.

## **ITEM 15 – CUSTODY**

Multnomah does not have custody of assets in Client retirement plan accounts. We shall have no liability to the Client for any loss or other harm to any property in the account, including harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation ("SIPC") or any other insurance which may be carried by the custodian. The Client understands SIPC provides only limited protection for loss of property held by a custodian.

Clients generally receive account statements from the custodian of their accounts on a monthly basis, but in any event, no less than quarterly. We may also provide Clients with periodic written reports summarizing account activity and performance. We urge Clients to carefully review statements from the custodian and compare those to reports that we may provide, as reports may vary based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **ITEM 16 – INVESTMENT DISCRETION**

Generally, retirement plan Clients authorize Multnomah under a consulting services agreement to make investment recommendations on a non-discretionary basis. Non-discretionary authority means Multnomah Group is responsible to provide investment recommendations and monitoring of investments, however Clients make the ultimate determination whether to accept or reject such recommendations.

In some circumstances, we will have discretionary authority to manage the assets in the account, allowing us to execute investment recommendations in accordance with the stated investment strategy without the Client's prior approval of each specific transaction. This authority allows us to purchase and sell securities and instruments in the account(s), select and retain sub-advisers, and act on behalf of the Client in matters necessary or incidental to the management of

investments in the account, including monitoring certain assets. Regardless of this discretionary authority, Clients may impose restrictions on investing in certain securities or types of securities.

The determination as to whether we have discretion or not will be documented in a consulting services agreement for all Clients.

## **ITEM 17 – VOTING CLIENT SECURITIES**

We do not have the authority and do not accept authority to vote Client securities on behalf of Clients. Additionally, we do not provide advice on how the Client should vote. Clients will receive proxies and other solicitations directly from the custodian or transfer agent. If any proxy materials are received on behalf of a Client, they will be sent directly to the Client or designated representative who is responsible to vote the proxy.

## **ITEM 18 – FINANCIAL INFORMATION**

We do require advisory fees to be paid in advance. However, we do not require the prepayment of fees in an amount more than \$1,200, more than six months in advance from any Client. In certain circumstances, we do have discretionary authority over Client funds and securities, but we have no financial commitments that impair our ability to meet contractual and fiduciary commitments to Clients.

Neither Multnomah, nor any of the principals, have been the subject of a bankruptcy petition at any time in the past.