

Item 1: Cover Page



Form ADV Part 2A

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Chief Compliance Officer

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This Brochure provides information about the qualifications and business practices of Newport Capital Group, LLC (“Newport Capital Group”). If you have any questions about the contents of this Brochure, please contact us at (732) 741-8400 or mbennett@newportcapitalgroup.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 Newport Capital Group is also available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Newport Capital Group as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2: Material Changes

There have been no material changes since Newport Capital Group's last Form ADV Part 2A submission in March 2014.

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Item 4: Advisory Business

Newport Capital Group, LLC (“Newport Capital Group”) is an independent, full service investment advisory firm that provides investment advisory services to a wide range of clients, including individuals, pensions and other institutional investors. Domenic DiPiero, the Firm’s only principal, formed the Firm in New Jersey in May 2004, which then became registered as an investment adviser in January 2008. Both Mr. DiPiero and the Firm’s Chief Compliance Officer, Michelle Bennett, are available at the contact number on the cover page of this Form ADV Part 2A brochure to discuss any questions or concerns any client or prospective client may have. Newport Capital Group offers a variety of services that are tailored to each client:

Institutions

Pension Consulting

Newport Capital Group provides a broad range of services to employers sponsoring self-directed retirement plans, defined contribution plans, defined benefit plans, non-qualified plans or deferred compensation plans. While each engagement is specific to that client, and the services to be provided are designated by the plan sponsors or fiduciaries, Newport Capital Group remains ready to assist pension clients with a variety of services. For example, Newport Capital Group works with these highly specific clients to create an investment policy statement which in turn directs the investments in the plan as well as education policy statements, which direct the methods by which plan participants are informed of the options available to them. In addition, Newport Capital Group will assist plan fiduciaries as they meet the requirements of such fiduciaries, which may include assistance with regulatory filings and education on fiduciary obligations. Newport Capital Group will also select and monitor the investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, the Firm also will consult with management regarding plan structure, assist with employee education and communication, periodically review costs and fees, and upon request, provide services to individual employees, acting as an agent of the employer. In some circumstances, a client may request other consulting services related to the administration or management of the plan. For example, review of regulatory filings, an analysis of employee benefit plans in the case of mergers or acquisitions, or the valuation of benefit plans for employment contract cases.

Asset Management - Institutions

Newport Capital Group provides asset management services to institutional investors on either a discretionary or non-discretionary basis. Newport Capital Group understands that institutional investors have diverse missions which in turn require unique approaches to investing. Newport Capital Group can assist in determining an institutional investor’s investment objectives, review assets and liabilities, create an appropriate investment policy statement and design an investment structure to follow. Once the assets are invested, Newport Capital Group makes investment recommendations to meet the objectives in accordance with the investment policy statement, and in doing so provides the institutional client with reporting and analysis to help these clients and the individuals responsible for directing them ensure goals are met.

Individuals

Financial Planning

Financial planning is the analysis of current financial circumstances and stated goals in order to create a plan for achieving those goals. Newport Capital Group provides financial planning services to certain asset management clients as part of their agreement with the Firm to provide such services. Other clients may engage Newport Capital Group to provide financial planning

services on a stand-alone basis.

In most cases, the client will supply to Newport Capital Group information including income, investments, savings, insurance, age and many other items that are helpful to the firm in assessing your financial goals. The information is typically provided during personal interviews and supplemented with written information. Once the information is received, one of Newport Capital Group's licensed professionals will discuss with the client their financial needs and goals, and compare the client's current financial situation with the client's stated goals. Once these are compared, Newport Capital Group will create a financial plan to help meet the client's goals. The plan is intended to be a suggested blueprint to assist in meeting a client's objectives, which means that not every plan will be the same for every client. Each one is specific to the client who requested it.

While multi-year projections and summaries may be appropriate in some cases, services are generally project-oriented, generated upon client request and therefore not continuous. For clients who engage Newport Capital Group solely for financial planning, agreements for financial planning services terminate on presentation of the financial plan, and therefore any updates can be provided for a fee upon request.

Because the plan is based on information supplied by the client, it is very important that all clients accurately and completely communicate with the Firm. Also, personal circumstances may change as an engagement progresses. It is very important that clients continually update the Firm with any changes in circumstances, as such changes may necessitate the alteration of the financial plan.

Once clients have a financial plan, the client may or may not elect to implement the plan.

If you decide to implement your financial plan through Newport Capital Group, it is anticipated that the Firm will work closely with the client's accountants, attorney, insurance agent or other professionals. Newport Capital Group will not communicate with any other professionals without the client's permission, and when in receipt of client information from one of these professionals, will not be responsible for independently verifying such information. Clients are reminded that Newport Capital Group is not a legal or accounting firm. No part of any financial plan should be construed as legal, accounting or tax advice.

In instances where a full plan is not desired or necessary (or has been completed in the past), clients may engage Newport Capital Group on a consulting basis to provide advice on a variety of business and financial topics, including estate planning, retirement planning or employer 401(k) plans. Clients receiving consulting services outside the scope of financial planning or investment management services reminded that a full financial plan after full disclosure of pertinent facts is best, as limited facts out of context may produce less desirable results.

As part of its financial planning or consulting services, Newport Capital Group may be requested by a client to recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including professionals affiliated with Newport Capital Group in their separate licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Newport Capital Group. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Asset Management - Individuals

With the exception of allocations to Newport Holdings, L.P. (see below), asset management services are generally provided on a “discretionary” basis. When Newport Capital Group is engaged to provide asset management services on a discretionary basis, the Firm reviews each client’s investment objectives, determines asset allocation guidelines, and then monitors each client’s accounts for the purpose of ensuring each is behaving as intended. If any changes are needed to a client portfolio, Newport Capital Group makes the recommended changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. Clients may at any time place restrictions on the types of investments the Firm places in the client’s portfolio, or on the allocations to each security type. Clients engaging the Firm on a discretionary basis will be asked to execute a Limited Power of Attorney (granting the Firm the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and Newport Capital Group.

In limited circumstances, Newport Capital Group may allow individual clients to engage the Firm on a non-discretionary basis. For non-discretionary clients, the portfolio is monitored as it is for discretionary clients, but changes in the portfolio are not made until they are approved by the client. Clients that determine to engage Newport Capital Group on a non-discretionary investment advisory basis should be advised that Newport Capital Group cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, Newport Capital Group will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client’s verbal consent.

Newport Holdings, L.P.

Newport Capital Group, as part of an overall client asset allocation strategy, may recommend on a non-discretionary basis that qualified clients consider investing a portion of client assets in Newport Holdings, L.P. (the “Newport Holdings”), an affiliated private investment fund. Newport Holdings is a Delaware limited partnership, and the General Partner is Newport Holdings LLC, a related person to Newport Capital Group. The investment program of Newport Holdings involves the identification, diligence and acquisition of privately held investments, which may include small companies or real estate.

To the extent that Newport Capital Group’s clients qualify, and determine that an investment is appropriate given their investment objective(s) and financial situation, they may participate as limited partners of Newport Holdings. The terms and conditions for participation in Newport Holdings are set forth in the Newport Holdings offering documents (discussing fees-including fees payable to the General Partner, conflicts of interest, risk factors, and liquidity constraints), which each prospective investor shall receive, and shall be required to complete and submit the corresponding Subscription Agreement to the General Partner in order to demonstrate qualification for investment in Newport Holdings.

For clients invested in Newport Holdings, Newport Capital Group shall provide initial and ongoing due diligence and investment monitoring services to the client with respect to the client’s total portfolio, which includes that part of the portfolio invested in Newport Holdings. Accordingly, while all investors of Newport Holdings are charged fees by the General Partner, which is an affiliate of Newport Capital Group, the amount of client assets invested in the Newport Holdings Fund shall also be included as part of “assets under management” for purposes of Newport Capital Group calculating its annual investment advisory fee.

As of December 31, 2013, Newport Capital Group had a total of \$118,320,278 of assets under management. The Firm, as of December 31, 2013, also provided ongoing consulting services on assets owned by participant directed, defined benefit, and defined contribution retirement plans in excess of \$4.1 billion.

Item 5: Fees and Compensation

A. Fees Charged

Pension Consulting

Newport Capital Group's pension consulting fees may be negotiated on a fixed fee basis, with fixed fees ranging from \$1,000 to \$250,000. Some engagements will be performed on a basis of a percentage of the assets in the plan. These fees will generally range from 0.10% to 1.00% of the plan's assets. The fee is dependent upon the precise nature of the services to be provided, including the scope of the work to be provided and the expertise required.

Financial Planning

Newport Capital Group's financial planning and consulting fees are negotiable, but generally range from \$1,000 to \$250,000 on a fixed fee basis, and from \$200 (minimum) to \$2,000 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

Asset Management

All asset management clients will be required to execute an Investment Management Agreement that will describe the type of management services to be provided and the fees, among other items. Newport Capital Group's tiered annual investment advisory fee shall be based upon a percentage (%) of the market value placed under Newport Capital Group's management:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$2,000,000	1.5%
Next \$3,000,000	1.0%
Next \$15,000,000	0.5%
Amount over \$20,000,000	0.4%

Newport Holdings, L.P.

Newport Holdings L.P. does not pay advisory fees to Newport Capital Group. However, clients invested in Newport Holdings, L.P. will be charged a performance based fee (see Item 6 of this Form ADV Part 2A) which is payable to the General Partner. In addition, investors will bear their proportionate share of expenses. The performance fee to be paid to Newport Capital Group is in addition to the fees to be paid to the General Partner as set forth in the Newport Holdings offering documents.

B. Fee Payment

Pension Consulting

A negotiated payment schedule is developed for each engagement. On occasion, as much as 50% of the fixed fee is required upon execution of the consulting agreement. Typically, the fee is paid quarterly, in advance.

Financial Planning

Hourly fees are charged as work is performed and are due upon receipt of invoice. For fixed fee engagements, ½ of the agreed upon fee is due at the time the agreement is signed and the other ½ is due upon delivery of the written plan. If the plan is not delivered within six (6) months of date the agreement was signed, the client will receive a refund of the partial payment and entire payment to be due upon delivery of plan.

Asset Management

Clients may elect to have Newport Capital Group's advisory fees deducted from their custodial account. Both Newport Capital Group's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Newport Capital Group's investment advisory fee and to directly remit that management fee to Newport Capital Group in compliance with regulatory procedures. In the limited event that Newport Capital Group bills the client directly, payment is due upon receipt of Newport Capital Group's invoice. Newport Capital Group shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.

C. Other Fees

There are a number of other fees that can be associated with holding and investing in securities. Clients will be responsible for fees including transaction fees for the purchase or sale of a mutual fund or Exchange Traded Fund, or transaction charges for the purchase or sale of a stock or bond. Expenses of a mutual fund or private placement will not be included in management fees, as they are deducted from the value of the shares by the mutual fund or private placement. For a complete discussion of expenses related to each mutual fund or private placement, clients should read a copy of the prospectus or private placement memorandum issued by that fund. Newport Capital Group can provide or direct clients to a copy of the prospectus or private placement memorandum for any fund Newport Capital Group recommends.

Please make sure to read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

Clients invested in Newport Holdings will also bear their proportionate share of expenses for Newport Holdings, which may include offering costs, sales loads, organizational costs, transaction costs, diligence expenses and other fees more specifically described in the Newport Holdings offering documents. Any investor in Newport Holdings should carefully review the Fund's offering documents.

D. *Pro Rata Fees*

All investment advisory agreements, whether for pension consulting, financial planning or asset management services, may be terminated by written notice, and any unearned fees will be returned to the client. However, clients should be advised that a large portion of work related to a pension consulting or financial planning engagement is done in the early stages, and accordingly the return of unearned fees may not correlate directly to the amount of time during which the engagement was active. Because asset management services are charged on a per-day basis, fees will be pro-rated according to the number of days in the billing period the client was a client and unearned fees remitted to the client.

E. Compensation for the Sale of Securities

NCG Securities, LLC

To permit Newport Capital Group clients to have access to as many investment solutions as possible, certain professionals of Newport Capital Group are registered representatives of NCG Securities, LLC (“NCG”), an SEC registered and FINRA member broker-dealer. Both NCG and Newport Capital Group are owned by Domenic DiPiero. The existence of NCG and the registered representative status of certain Newport Capital Group professionals allows these professionals to provide additional products to clients’ portfolios that might not otherwise be available, or might not otherwise be available for the same costs. Because Newport Capital Group and NCG share common ownership, the relationship between the two is deemed material. NCG and its registered representatives will receive customary transaction charges for the sales of various securities, including those such representatives recommend to clients. The transaction charges charged by *NCG* may be higher or lower than those charged by other broker-dealers. Transaction charges charged for these products will not offset fees owed to Newport Capital Group, including transaction charges related to the purchase of interests in Newport Holdings L.P. and/or the FGI Fund (please see Item 10D for more information regarding the FGI Fund).

Receipt of transaction charges for investment products that are recommended to clients gives rise to a conflict of interest for the representative and Newport Capital Group, in that the party (in this case, NCG and its representatives) who will receive the transaction charges is also the individual that is recommending that the client purchase a given product. The representative has an incentive to recommend investment products based on the compensation received, rather than the client’s needs. This conflict is disclosed to clients verbally and in this brochure. Clients are advised that they may choose to implement any investment recommendation through another broker-dealer that is not affiliated with Newport Capital Group, or not at all. Newport Capital Group attempts to mitigate this conflict by requiring that: (i) any recommendations for which NCG will receive a transaction charge are made on a non-discretionary basis; (ii) all investment recommendations have a sound basis for the recommendation; and (iii) employees of Newport Capital Group acknowledge their fiduciary responsibility toward each client.

Item 6: Performance-Based Fees and Side-by-Side Management

Pension Consulting and Asset Management clients of Newport Capital Group will not be charged performance based fees.

Performance Based Fees

Newport Holdings LLC (the “General Partner”) which is the general partner of Newport Holdings, LP, is entitled to receive carried interest calculated based on the profits generated on the sale/disposition of the Fund’s assets. The fact that a significant portion of the General Partner’s compensation is directly computed on the basis of profits generated by the sale/disposition of the fund’s assets may create an incentive for Newport Capital Group to make investments on behalf of Newport Holdings L.P. that are riskier or more speculative than would be the case in the absence of such compensation. The General Partner seeks to address these conflicts through careful vetting of investment opportunities by its investment professionals and discussion of investments in capital call notices and quarterly reports.

Side By Side Management

Certain individuals associated with Newport Capital Group are also affiliated with and perform services for the General Partner. This presents a conflict of interest in that the same professionals are responsible for both clients with traditional non-performance fees and performance fee

clients, which creates an incentive for such persons to favor the clients (in this case, Newport Holdings) which have performance fee arrangements. Newport Capital Group attempts to mitigate this conflict by requiring that: (i) all investment recommendations to any client have a sound basis for the recommendation; and (ii) employees of Newport Capital Group acknowledge their fiduciary responsibility toward each client.

Item 7: Types of Clients

Newport Capital Group's clients shall generally include individuals, pension and profit sharing plans, defined benefit and defined contribution plans, business entities, trusts, estates and charitable organizations. Newport Capital Group generally requires a minimum asset level of \$5,000,000 for investment advisory services. However, Newport Capital Group, in its sole discretion, may reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.)

Clients should note that account performance may be affected more on smaller accounts due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised. Performance of smaller accounts may vary from the performance of accounts with additional dollars invested due to fluctuations in the market that may affect smaller accounts more and the effects of compounding may be more beneficial in larger accounts.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis & Investment Strategies

It is important for you to know and remember that all investments carry risks. **Investing carries a risk of loss all clients should be prepared to bear.**

A. Separate Accounts

Each client's portfolio will be invested according to that client's investment objectives. We determine these objectives by interviewing the client and/or asking the client to put these objectives in writing. Once we ascertain your objectives for each account, we will develop a set of asset allocation guidelines. An asset allocation strategy is a percentage-based allocation to different asset classes. For example, a client may have an asset allocation strategy that calls for 40-60% of the portfolio to be invested in equities, 30-40% invested in fixed income and the rest in cash. Another client may have an asset allocation of 50-60% in bonds, and the remainder in equities. The percentages in each type that we recommend are based on the typical behavior of that asset class, individual mutual funds we follow, current market conditions, the client's current financial situation and financial goals, and the timeline to get the client to those goals. Because Newport Capital Group develops an investment strategy based on each client's personal situation and financial goals, one client's asset allocation guidelines may be similar to or different from another client's.

Once we have designed a client's asset allocation guidelines, we will buy or sell securities in their portfolio to meet the guidelines of the asset allocation strategy. It is important to remember that because market conditions can vary greatly, asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually, and may deviate from the guidelines as we believe necessary.

The specific securities recommend for an account will depend on market conditions and our

research at the time. Generally, we recommend that client accounts be invested in mutual funds, which allow us to meet asset allocations that call for any mix of equities and bonds in a variety of geographic sectors, market capitalizations, or industries. Specific mutual funds are chosen based on where its investment objective fits into the asset allocation recommended by Newport Capital Group, its risk parameters, past performance, peer rankings, fees, expenses, and any other aspects of the fund Newport Capital Group deems relevant to that particular fund. Newport Capital Group bases its conclusions on publicly available research, such as regulatory filings, press releases, purchased research, and proprietary screens and analytics. Newport Capital Group will also utilize exchange traded funds where deemed appropriate. Newport Capital Group may also recommend the services of a third party manager, which may include a private placement.

We research securities on a fundamental basis, which means that we review what we believe the value of the security is, and what we think it will be in the future. We base our conclusions on predominantly publicly available research, such as corporate filings, press releases, competitor analyses, and in some cases research we receive from our custodian or other market analyses. We will also occasionally utilize technical analyses, which means that we will review the past behaviors of the security and the markets in which it trades for signals as to what might happen in the future.

As assets are transitioned from a client's prior advisers to Newport Capital Group, there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by Newport Capital Group. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. In the event an investment in a client account is unable to be unwound for a period of time, Newport Capital Group will monitor the investment as part of its services to the client. Newport Capital Group may suggest that a given investment be moved to a separate account.

Third Party Managers

We may recommend that certain portions of a client's portfolio be managed by affiliated or unaffiliated third-party managers or recommend direct investment with affiliated or unaffiliated third-party managers, typically when those managers demonstrate knowledge and expertise in a particular investment strategy. On occasion, the investment may come in the form of a private placement.

Before making such a recommendation, we examine the experience, expertise, investment philosophies and past performance of the manager in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentration and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

Based on a client's individual circumstances and needs, we will determine which selected money manager's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance and the investment philosophy of the selected money manager. We encourage clients to review each third-party manager's disclosure document regarding the particular characteristics of any program and managers selected by us.

Clients are free to reject any recommendation to invest with any affiliated third party manager or private placement.

We will regularly and continuously monitor the performance of the selected money managers. If we determine that a particular selected money manager is not providing sufficient management services to the client, or are not managing the client's portfolio or the private placement in a manner consistent with the client's investment objectives, we will recommend that the client remove the assets from that selected money manager and place the client's assets with another money manager.

Newport Capital Group will obtain appropriate due diligence on all third-party managers, making reasonable inquiries into their performance calculations, policies and procedures, code of ethics policies and other operational and compliance matters to account for performance and risk management. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

In some instances, Newport Capital Group, NCG and/or one of its registered representatives may receive a commission or referral fee from a third party manager for referring a client to that manager. *Please see the response to Item 10D with regard to the conflicts of interest presented by such an incentive.*

B. Pooled Investments

Each pooled investment vehicle will be managed according to the stated investment program in the fund's private placement memorandum. Individual partners in a fund will not receive individual asset management within the fund. For details regarding the investment program, client should refer to their fund's private placement memorandum.

C. Risk of Loss

There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.** It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that Newport Capital Group may engage in short-term trading transactions. These transactions may result in short term

gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. Newport Capital Group endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.

- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Short Sales.** "Short sales" are a way to implement a trade in a security Newport Capital Group feels is overvalued. In a "long" trade, the investor is hoping the security increases in price. Thus in a long trade, the amount of the investor's loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. Newport Capital Group utilizes short sales only when the client's risk tolerances permit.
- **Information Risk:** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- **Transition risk.** As assets are transitioned from a client's prior advisers to Newport Capital Group there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by Newport Capital Group. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of Newport Capital Group may adversely affect the client's account values, as Newport Capital Group's recommendations may not be able to be fully implemented.
- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.
- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the

opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.

- **Risks Specific to Private Placements:** Private investment funds generally involve various risk factors, which are more fully described in the respective fund's governing documents. Any investor contemplating an investment in a private fund, including a private fund recommended by Newport Capital Group, should carefully and thoroughly review that private fund's governing documents prior to investing. Not all of each fund's risks are presented here, but some include:

- i. Liquidity constraints: Unlike an exchange traded investment, where an order can be placed to purchase or sell and have it executed the same day, private funds typically restrict investors' ability to withdrawal capital. Some of these restrictions include 12 month to even three year lock-up periods, where no withdrawals can be made, followed by withdrawal opportunities once a year, quarter or month, depending on the fund.
- ii. Lack of transparency: Generally, private fund managers are under no obligation to provide complete transparency as to the underlying investments in the fund.
- iii. Valuation: Some private funds invest in easily valued securities, but others may invest in particularly illiquid and hard to value securities, such as private companies. Valuation of these investments can be somewhat subjective, and based upon various calculations and assumptions of the fund manager, who has a conflict of interest in that most managers are compensated based on the value of the fund. Specifically, Newport Holdings, L.P.'s investments will be valued by the General Partner, and will generally be carried at cost until disposition.
- iv. Investment Objectives: Private placements are pooled investment vehicles. As such, the private placement is managed in accordance with the fund's investment program, which is defined in its governing documents (such as a private placement memorandum or offering memorandum). This means that the entire private placement is managed in accordance with the same guidelines, and not to the investment objectives of each specific investor. Accordingly, investors, especially clients of Newport Capital Group contemplating an investment with Newport Holdings L.P. or any fund recommended by Newport Capital Group, should carefully review the governing documents of that private placement to make sure they understand how this private placement fits into their overall portfolio.

Item 9: Disciplinary Information

Newport Capital Group has not been the subject of any disciplinary action.

Item 10: Other Financial Industry Activities and Affiliations

A. As previously discussed in Item 5E, Domenic DiPiero owns NCG Securities LLC as well as Newport Capital Group, and some investment professionals associated with Newport Capital Group are also registered representatives of NCG.

B. Neither Newport Capital Group, nor any of its related persons, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

C. Newport Capital Group has two industry affiliations:

Broker Dealer, NCG Securities LLC: As previously discussed in Item 5E, Newport Capital

Group is under common control with NCG Securities LLC, and some investment professionals associated with Newport Capital Group are also registered representatives of NCG. This affiliation presents a material conflict of interest, which is more fully disclosed in Item 5E.

Insurance: Newport Capital Group's Principal and certain Newport Capital Group professionals are, in their individual capacities, licensed insurance agents. As such, they may conduct insurance product transactions for Newport Capital Group clients, and receive customary compensation for these transactions in addition to any compensation these professionals receive in their capacity as an employee of Newport Capital Group. Compensation from the sale of insurance products will not be used to offset or as a credit against advisory fees. These insurance-licensed professionals may therefore have an incentive to recommend insurance products based on the compensation to be received, rather than on a client's needs. No client is under any obligation to purchase any products from any professional affiliated with Newport Capital Group.

The receipt of additional compensation for insurance is therefore a conflict of interest, and clients should be aware of this conflict when considering whether to engage Newport Capital Group or utilize its professionals to implement any insurance recommendations. Newport Capital Group attempts to mitigate this conflict of interest by (i) disclosing the conflict to clients; (ii) informing clients that they are always free to purchase insurance products through other agents that are not affiliated with Newport Capital Group or to determine not to purchase the insurance product at all; and (iii) requiring employees to acknowledge in the firm's Code of Ethics, their individual fiduciary duty to the clients of Newport Capital Group, which requires that employees put the interests of clients ahead of their own.

FGI Opportunity Investment Fund, L.P.

Newport Capital Group, as part of an overall client asset allocation strategy, may recommend on a non-discretionary basis that qualified clients consider investing in FGI Opportunity Investment Fund, L.P. (the "FGI"), a private investment fund. The general partner of FGI is controlled by David DiPiero, the brother of Domenic DiPiero, the principal of Newport Capital Group. As referenced in Item 5E, NCG and its registered representatives, who are also investment professionals associated with Newport Capital Group, may receive compensation or a referral fee from FGI or its general partner for raising capital for FGI. This compensation is in addition to the advisory fee Newport Capital Group receives for managing the client's overall portfolio, and will not offset that fee in any way, because Newport Capital Group will continue to provide ongoing monitoring and diligence of the FGI investment for as long as the client is invested. This means that Newport Capital Group, NCG and its representatives can earn compensation from FGI in the form of transaction based charges or referral fees that may exceed the fee that the Newport Capital Group would earn under its standard asset based fee schedule referenced in Item 5 below. This fee structure creates a material conflict of interest because Newport Capital Group may be incentivized to recommend that its clients consider an investment in FGI based upon the compensation received rather than the client's particular needs. Newport Capital Group attempts to mitigate this conflict of interest by (i) disclosing the conflict and the relationship between Domenic DiPiero and David DiPiero to clients; (ii) not exercising any discretionary authority to place any client assets in FGI, and informing clients both through this brochure and verbally that clients are under absolutely no obligation to consider or make an investment in FGI; (iii) informing clients that they may be able to access similar investments through an unaffiliated source (though not necessarily with a comparable strategy, structure or expertise of FGI and its management team); and (iv) requiring employees to acknowledge in the firm's Code of Ethics, their individual fiduciary duty to the clients of Newport Capital Group, which requires that employees put the interests of clients ahead of their own.

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

A. Newport Capital Group maintains an investment policy relative to personal securities transactions. This investment policy is part of Newport Capital Group's overall Code of Ethics, which serves to establish a standard of business conduct for all of Newport Capital Group's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Newport Capital Group also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Newport Capital Group or any person associated with Newport Capital Group.

B. As set forth above in Items 4B and 10D, Newport Capital Group may also recommend that certain of its qualified clients consider an investment in FGI Opportunity Investment Fund, L.P. ("FGI"), and/or Newport Holdings L.P. The conflicts of interest these recommendations may raise as well as steps taken to mitigate these conflicts are described in Items 4B (Newport Holdings L.P.) and 10D (FGI).

C. Newport Capital Group and/or its related persons may invest in the same or related securities as Newport Capital Group recommends to clients. This presents a conflict of interest for Newport Capital Group's personnel, as they may wish to trade in their own accounts the same security as clients, but not at the same time, which could give a preference as to price for a purchase or sale of the security. To mitigate this conflict, Newport Capital Group has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each person affiliated with Newport Capital Group who has access to client information. Newport Capital Group's securities transaction policy requires that such persons disclose all of their personal securities accounts to the Chief Compliance Officer, so they may be periodically reviewed. In addition, trades in certain security types must be pre-cleared by the Chief Compliance Officer.

D. Newport Capital Group and/or Representatives of Newport Capital Group may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a conflict of interest, as Newport Capital Group and/or its related persons may receive an advantage in terms of commissions charged (due to a discount in commission rate for aggregated trades) or in time of execution. As indicated above in Item 11.C, Newport Capital Group has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Newport Capital Group's Access Persons.

Item 12: Brokerage Practices

A. In the event that the client requests that Newport Capital Group recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Newport Capital Group to use a specific broker-dealer/custodian), Newport Capital Group generally recommends that investment management accounts be maintained at *Pershing*. Prior to engaging Newport Capital Group to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Newport Capital Group setting forth the terms and conditions under which Newport Capital Group shall

manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Newport Capital Group considers in recommending *Pershing* (or any other broker-dealer/custodian to clients) include historical relationship with Newport Capital Group, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Newport Capital Group's clients shall comply with Newport Capital Group's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Newport Capital Group determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Newport Capital Group will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Newport Capital Group's investment management fee. Newport Capital Group's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Newport Capital Group may receive from Pershing (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products (which may include direct monetary assistance from Pershing to obtain certain services or products), certain of which assist Newport Capital Group to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Newport Capital Group may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Newport Capital Group in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist Newport Capital Group in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Newport Capital Group to manage and further develop its business enterprise.

Newport Capital Group's clients do not pay more for investment transactions effected and/or assets maintained at Pershing as a result of this arrangement. There is no corresponding commitment made by Newport Capital Group to Pershing or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Newport Capital Group may receive referrals from broker-dealers. However, Newport Capital Group does not compensate any such broker dealer for its receipt of client referrals, nor has it entered into an informal or formal agreement with any such broker dealer regarding client referral services.

Newport Capital Group does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Newport Capital Group will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Newport Capital Group. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Newport Capital Group to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Newport Capital Group.

B. Transactions for each client account generally will be effected independently, unless Newport Capital Group decides to purchase or sell the same securities for several clients at approximately the same time. Newport Capital Group may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Newport Capital Group's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Newport Capital Group shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13: Review of Accounts

For those clients to whom Newport Capital Group provides investment supervisory services, account reviews are conducted on at least an annual basis by a licensed professional of Newport Capital Group. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger reviews during the year. In addition, Newport Capital Group professionals monitor client accounts on an ongoing basis to ensure each account is invested in accordance with its investment objectives. Any account that is out of balance will trigger a specific review. Reasons an account can be out of balance include positive or negative performance (or either the markets in general a specific sector or even a specific security), a withdrawal by a client, or changes in that client's investment guidelines. Not every account that is out of balance will be immediately adjusted. On occasion, the account may be left out of balance if Newport Capital Group believes the circumstances are temporary, or a rebalancing of an account would not be in the client's best interests.

Because changes in client circumstances can so materially affect the management of a client's portfolio, clients are urged to communicate on a regular basis with Newport Capital Group, and to respond to the Firm's efforts to communicate with them.

All clients will receive statements and trade confirmations directly from their account custodian, and periodic reports from Newport Capital Group summarizing account activity and performance. Newport Capital Group encourages clients to compare the information on reports prepared by Newport Capital Group to information on the statements provided directly from the custodian,

and alert Newport Capital Group of any concerns or questions. These reports are an integral part of managing client assets, as they serve as a method to communicate with clients. Clients should carefully review all materials related to their portfolio, and if there is ever a strategy, allocation, or particular security about which the client has a question or concern, clients should immediately contact Newport Capital Group.

Clients invested in a pooled investment vehicle such as Newport Holdings, L.P. or FGI will receive reports specified in the fund's private placement memorandum.

Item 14: Client Referrals and Other Compensation

A. As referenced in Item 12 above, Newport Capital Group may receive an economic benefit from Pershing. Newport Capital Group, without cost (and/or at a discount), may receive support services and/or products from Pershing (which may include direct monetary assistance from Pershing to obtain certain services or products). Newport Capital Group's receipt of these services and/or assistance raises potential conflicts of interest. In providing these additional services to Newport Capital Group, Pershing most likely considers the amount and profitability to Pershing of the assets in, and trades placed for, Newport Capital Group's client accounts maintained with Pershing. Pershing has the right to cease providing additional services. Consequently, while there is no corresponding commitment made by Newport Capital Group to Pershing or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement, in order to continue to obtain the additional services from Pershing, Newport Capital Group may have an incentive to recommend to its clients that the assets under management by Newport Capital Group be held in custody with Pershing and to place transactions for client accounts with Pershing. Newport Capital Group's receipt of additional services does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts. Newport Capital Group's clients do not pay more for investment transactions effected and/or assets maintained at Pershing as a result of this arrangement.

B. Newport Capital Group does not compensate, directly or indirectly, any person, other than its own personnel, for client referrals.

Item 15: Custody

Newport Capital Group shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Newport Capital Group may also provide a written periodic report summarizing account activity and performance.

To the extent that Newport Capital Group provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Newport Capital Group with the account statements received from the account custodian. The account custodian does not verify the accuracy of Newport Capital Group's advisory fee calculation.

The General Partner, which is a related person of Newport Capital Group due to its sharing common ownership with Newport Capital Group, has access to the assets of Newport Holdings, L.P. As previously discussed throughout this Form ADV Part 2A, clients of Newport Capital Group may invest in Newport Holdings, L.P., and therefore, a related person to Newport Capital Group has custody of client funds, including both cash and securities.

Item 16: Investment Discretion

The client can determine to engage Newport Capital Group to provide investment advisory services on a discretionary basis. Prior to Newport Capital Group assuming discretionary authority over a client's account, the client shall be required to execute an agreement, naming Newport Capital Group as the client's attorney and agent in fact, granting Newport Capital Group full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Newport Capital Group on a discretionary basis may, at any time, impose reasonable restrictions, in writing, on Newport Capital Group's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Newport Capital Group's use of margin, etc.).

Item 17: Voting Client Securities

Asset Management

A. Newport Capital Group does not vote client proxies for asset management clients. Asset Management Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Newport Capital Group to discuss any questions they may have with a particular solicitation.

Newport Holdings L.P.

Newport Holdings L.P. invests in privately owned companies, and as such, will not typically be called upon to vote a proxy. To the extent such a proxy exists, the General Partner will vote the proxy in what the General Partner determines is in the best interests of the investors.

Item 18: Financial Information

A. Newport Capital Group does not solicit fees of more than \$1,200, per client, six months or more in advance.

B. Newport Capital Group is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

C. Newport Capital Group has not been the subject of a bankruptcy petition.