

***Brochure***

**Newport Capital Advisers, Inc.**

**May 23, 2013**

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**This brochure provides information about the qualifications and business practices of Newport Capital Advisers, Inc. (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at 617-471-0282 and/or [adp@newportcapadv.com](mailto:adp@newportcapadv.com). This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.**

**Additional information about Newport Capital Advisers, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Newport Capital Advisers, Inc.  
500 Victory Road  
North Quincy, MA 02171  
Tel: 617-471-0282  
Fax: 617-847-4873  
Website: [www.newportcapadv.com](http://www.newportcapadv.com)

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**Item 3. Table of Contents**  
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the Firm Brochure.]

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**General Description of Advisory Firm****A. Describe the Adviser, including how long it has been in business. Identify its principal owner(s).**

Newport Capital Advisers, Inc. was founded in April 1995 and registered with the SEC May 15, 1995. Its owner is Andrew D. Parrillo.

**Description of Advisory Services (including any specializations)****B. Describe the types of advisory services the Adviser offers. If the Adviser holds itself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If the Adviser provides investment advice only with respect to limited types of investments, explain the type of investment advice it offers, and disclose that its advice is limited to those types of investments.**

The Adviser provides the following advisory services both on a discretionary and non-discretionary basis to its clients, which include individuals and institutions with separately managed accounts, and pooled investment vehicles intended for sophisticated investors and institutional investors: providing investment supervisory services and managing investment advisory accounts not involving investment supervisory services. The Adviser specializes in providing the following advisory services: establishing investment plans and statements of objectives, asset allocation and investment manager selection and monitoring.

Investment advisory services include assisting clients through consultation or under discretionary arrangements with (1) establishing investment objectives based upon long and short term considerations to address distribution policies and guidelines, together with factors such as potential price inflation and their cumulative impact on future asset values, in the case of endowment funds, liability projections in the case of pension funds, and similar relevant factors in the case of other types of funds; (2) asset category allocation ranges consistent with the established investment objectives; (3) investment manager selection consistent with the established asset categories and ranges; (4) establishing investment return expectations and management controls consistent with relevant planning horizon and asset category characteristics; (5) evaluating investment performance relative to client objectives and within the context of the investment environment; and (6) evaluating custody, securities brokerage, and securities lending arrangements and their related management control policies.

The Adviser evaluates a broad spectrum of potential investments, including publicly traded equities and debt securities as well as other asset categories including private equity and debt and commodities. Under discretionary arrangements, the Adviser allocates client assets and under consultative, non-discretionary arrangements documents recommendations to the following types of investment vehicles: separate accounts managed by specialist investment managers, mutual funds, private partnerships, other pooled investment entities and exchange-traded funds ("ETF's"). The Adviser does not construct portfolios of separate securities of companies or issuers because it believes that investment managers that specialize in particular strategies can add value after both their fees and those of the Adviser.

The Adviser conducts research on asset categories and sub-categories to establish projections of rate of return, variability of rates of return and the relationship between and among such category and sub-category rate of return projections that provide a framework within which to construct asset allocation policy and guidelines. The goal of an asset allocation policy is to optimize the probability of achieving the client rate of return objective within a client's tolerance for various forms of investment risk and over the client's investment horizon. The Adviser strongly believes the tendency of variable return assets is to

revert to their average or mean long-term levels. A central tenet of establishing asset category rate of return expectations is that there must be structural sources of return based upon fundamental factors. An example of a structural factor for equity rates of return is the value of an enterprise and its ability to produce growth of the enterprise and make distributions to its owners or shareholders.

Identifying suitable investment manager specialists to implement client investment programs occupies a significant portion of the Adviser's time. Communication with prospective investment managers is accomplished through meetings, telephonic and electronic media, such as email and Internet conferences. The Adviser has access to extensive databases containing timely and detailed organizational and statistical information on investment management organizations and investment management services offered by such organizations. The Adviser conducts independent research and evaluation based upon database information, interviews with investment management organizations, and inspection of managers' informational brochures and reports. The Adviser has established criteria for the evaluation of investment management organizations that emphasize qualitative factors in addition to quantitative analysis of historical data. The Adviser recognizes that past performance is no guarantee of future performance and tailors its analysis to identify those attributes that provide a guide to an investment manager's likely consistency in executing its decisions and managing the associated risks.

Adviser provides investment management services to Victory Road Diversified Partners, L.P., ("Partnership") a multi-manager, unregistered investment limited partnership for which Victory Road Investors LLC is the general partner. The Adviser's President is the Managing Member of Victory Road Investors LLC. Victory Road Diversified Partners, L.P. seeks to provide capital appreciation over the long-term by allocating assets to portfolio managers that invest primarily in publicly traded securities in the United States and international markets. The Partnership is a multi-manager fund whose assets will be allocated among a select group of investment funds. Portfolio managers selected by the Adviser may utilize derivative instruments, options, margin borrowing and other forms of leverage, as well as short sales. The Partnership may be deemed to be a speculative investment and is not intended as a complete investment program. The limited partnership interests have not been registered under the Securities Act of 1933, as amended, as it is anticipated that the offering and sale of such interests will be exempt from registration pursuant to Regulation D of the Act.

#### **Availability of Tailored Services for Individual Clients**

#### **C. Explain whether (and, if so, how) the Adviser tailors its advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

The Adviser provides advice to client accounts based on specific investment objectives and strategies. Under certain circumstances, the Adviser may agree to tailor advisory services to the individual needs of clients. Currently, the Adviser tailors its advisory services in the following manner:

The Adviser assists clients by constructing customized strategies based upon the client's appetite for investment return and tolerance for various risks associated with investing. The investment horizon or timeframe is vital to customizing an investment plan, for if the client has a very short time horizon, very little, if any risk of rate of return variability can be assumed. The Adviser does not believe that predicting rates of return on variable return assets over short time intervals, commonly referred to as "market timing," has a sufficient probability of success to engage in that activity. The Adviser believes that individual security selection offers the highest probability of producing acceptable rates of return over the long-term and engages specialized investment managers to implement client investment programs. The Adviser has produced projections of after-inflation rates of return for a broad variety of asset categories that include publicly traded equity securities and bonds, as well as sub-categories such as international equities, emerging market equities, domestic small capitalization equities, less-correlated assets such as hedge funds, global fixed income and investment grade domestic fixed income.

Clients may impose restrictions on investing in certain securities or certain types of securities.

## Wrap Fee Programs

D. If the Adviser participates in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how the Adviser manages wrap fee accounts and how the Adviser manages other accounts, and (2) explain that the Adviser receives a portion of the wrap fee for its services.

The Adviser does not offer wrap fee programs.

## Client Assets Under Management

E. If the Adviser manages client assets, disclose the amount of client assets it manages on a discretionary basis and the amount of client assets it manages on a non-discretionary basis. Disclose the date "as of" which the Adviser measured client asset values for disclosure in Item 4.E.

As of December 31, 2012 the Adviser had \$114,712,116 *client* assets under management. As of that date, the Adviser managed \$44,399,910 on a *discretionary basis* and \$70,312,206 on a *non-discretionary basis*.

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## Item 5. Fees and Compensation

### A. Advisory Fees and Compensation.

#### Asset-Based Compensation

The Adviser charges each discretionary *client* an investment management fee based on the value of the *client's* assets under management, in accordance with the following schedule:

<u>Assets in the Account</u>	<u>Investment Management Fee (As an Annual % of Assets)</u>
\$0 to \$10,000,000	1.00%
\$10,000,000 to \$20,000,000	0.50%
Over \$20,000,000	0.25%
Minimum Annual Fee: \$10,000.00	

The Adviser charges each non-discretionary *client* an investment management fee based on the value of the *client's* assets under management, in accordance with the following schedule:

<u>Assets in the Account</u>	<u>Investment Management Fee (As an Annual % of Assets)</u>
\$0 to \$20,000,000	0.30%
\$20,000,001 to \$80,000,000	0.20%
Over \$80,000,000	0.10%
Minimum Annual Fee: \$60,000.00	

Plus out-of-pocket expenses at cost for travel and lodging incurred for meetings with client. Fees are payable quarterly in advance and will be billed based upon the quarter-end market value of assets prior to the immediately preceding quarter. Adviser will receive no start-up or termination fees. Invoices for out-of-pocket expenses at cost for travel and lodging incurred for meetings with client will be rendered as such expenses are incurred.

Eleemosynary organizations will receive a fee discount of 20% from the asset-based fees described above.

Investment management fees for discretionary clients are charged each quarter in advance based on the total market value of the assets in the *client* account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the first day of the quarter. If a new *client* account is established during a quarter or a *client* makes an addition to its account during a quarter the investment management fee will be charged as of the effective date of the investment management agreement or the date of the additional contribution based on the value of the assets as of the applicable date and will be prorated for the number of days remaining in the quarter. Investment management fees for Victory Road Diversified Partners, L.P. are charged monthly in advance based upon the prior month-end market value of assets.

Investment management fees for non-discretionary clients are charged each quarter in advance based on the total market value of the assets in the *client* account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) prior to the immediately preceding quarter. For example, the fee for the first quarter of a calendar year will be based on the market value of assets in the client account on September 30 of the prior year. These fees are negotiable.

#### Project-Based Compensation

The Adviser may accept projects such as performance evaluation or investment manager research and will quote the client fees based on the nature, complexity and scope of the project. Total or partial fees will be billed in advance of such project based upon agreement with client.

These fees are negotiable.

#### Performance-Based Compensation

A related person of the Adviser may also be paid a *performance-based fee*, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of a *client* multi-manager hedge fund or other pooled investment vehicle. This compensation may only be paid to a *related person* of the Adviser and ranges from 0-10%. Under certain circumstances, receipt of performance-based compensation may be subject to a hurdle rate of 10%.

These fees are negotiable.

**B. Payment of Fees.** The Adviser deducts the investment management fee from discretionary *client* accounts quarterly by instructing the *client's* custodian. The Adviser does not deduct the investment management fee from non-discretionary *client* accounts. Rather, the Adviser bills non-discretionary *clients*. The Adviser deducts fees from discretionary *client* accounts quarterly and bills non-discretionary *clients* for investment management fees quarterly.

**C. Other Fees and Expenses.** In addition to paying investment management fees and, if applicable, *performance-based fees* or other compensation, non-discretionary *client* accounts will also be subject to out-of-pocket travel and lodging expenses for meetings with clients. *Client* assets are invested in money market mutual funds, ETFs, separate accounts, private partnerships or registered investment companies. In these cases, the *client* will bear its pro rata share of the investment management fee and other fees of the fund(s), which are in addition to the investment management fee paid to the Adviser.

#### **D. Prepayment of Fees.**

The *clients* are required to pay the Adviser's fees in advance.

The *client* may obtain a refund of a pre-paid fee in the following manner if the advisory contract is terminated or a withdrawal is made from the account before the end of a billing period. The Adviser will determine the amount of the relevant refund in the following manner: A refund of fees paid in advance will be pro-rated for the number of days in the quarter from the effective date of termination of Adviser services until the end of the quarter for which fees were paid.

#### ***E. Additional Compensation and Conflicts of Interest.***

The Adviser and its *supervised persons* do not receive compensation directly or indirectly in connection with the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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#### **Item 6. Performance-Based Fees and Side-by-Side Management**

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple *clients*. A supervised person of the Adviser, Andrew D. Parrillo, who is the Managing Member of Victory Road Investors LLC, the General Partner of Victory Road Diversified Partners, L.P. is paid performance-based compensation by its private pooled investment vehicle *client*, Victory Road Diversified Partners, L.P. The Adviser's President and sole shareholder, Andrew D. Parrillo, is the managing member of Victory Road Investors LLC, a Delaware limited liability company which is the general partner of Victory Road Diversified Partners L.P., a Delaware limited partnership (the "Partnership"). The Partnership has not been registered an investment company under the Investment Company Act of 1940, as amended, based upon an exemption set forth in Section 3(c) (1). The Adviser serves as the investment manager of the Partnership and, in that capacity, determines appropriate investment strategies, identifies and retains portfolio managers on behalf of the Partnership, allocates the Partnership's funds among many managers, and monitors the ongoing performance of the Partnership's invested funds. The Adviser receives monthly management fees for, and reimbursement of its expenses incurred in connection with, the provision of these services. The General Partner is charged with the duties of managing and operating the Partnership. Certain conflicts of interest may arise from the Adviser serving as the investment manager of the Victory Road Diversified Partners L.P. (the "Partnership") and the Adviser's President and sole shareholder, Andrew D. Parrillo, serving as the managing member of the general partner of the Partnership. Mr. Parrillo is engaged in the business of the Partnership, as well as managing accounts for discretionary clients of the Adviser and providing investment advisory services to the Adviser's non-discretionary, consulting clients. The Adviser's investment strategy on behalf of the Partnership may vary from that developed for other advisory clients. Investment in the Partnership is not available to the general public and clients of the Adviser may not satisfy the requirements for participation.

The Adviser may recommend to its consulting clients that investments be made in investment partnerships that the Adviser has engaged or may be considering for the Partnership. Persons affiliated with certain of those funds in which Partnership assets may be invested, which investments also may be recommended by the Adviser to other consulting clients, may purchase limited partnership interests with the Partnership. This may create an incentive for the Adviser to recommend investments for the Partnership, or other consulting clients, in the funds to which these persons are related. This may also create an incentive for the Adviser to recommend to the Partnership, or other consulting clients, the retention or liquidation of positions in these funds. Furthermore, it may not always be possible or consistent with the investment objectives of its consulting clients, or of the Partnership, for the same investment position to be taken or liquidated and the same time or at the same price. When the Adviser and its investment personnel manage more than one *client* account a potential exists for one *client* account to be favored over another *client* account. The Adviser and its investment personnel have a greater incentive to favor *client* accounts that pay the Adviser (and indirectly the portfolio manager) performance-based compensation or higher fees.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser has not recommended that its non-discretionary clients invest in Victory Road Diversified Partners, L.P., although it has recommended funds in the Partnership to its non-discretionary, consulting clients. The Adviser informs consulting clients of the identity of the managers utilized by the Partnership when the client engages separate funds, but no assurance can be made that the investment portfolio of Victory Road Diversified Partners, L.P. can or should be replicated for any consulting client. The Adviser's investment advice will continue to be dictated by the individual client's financial situation, investment experience and investment objectives. The Adviser

has recommended investment in the Partnership to its discretionary clients, although does not make subscriptions to the Partnership in its discretion. The discretionary clients who have chosen to subscribe to the Partnership are accredited investors. The Adviser charges no additional fees to clients subscribing to the Partnership. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on asset size, where appropriate taking into consideration differences between tax and investment requirements of different clients.

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## **Item 7. Types of *Clients***

The Adviser's *clients* consist of individuals, private funds, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

The Adviser requires that a *client* invests a minimum of \$250,000 to open an account. If the account size falls below the minimum requirement due to market fluctuations only, a *client* will not be required to invest additional funds with the Adviser to meet the minimum account size.

With respect to any *client* that is a pooled investment vehicle, any initial and additional subscription minimums are disclosed in the offering memorandum for the pooled investment vehicle.

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

### ***A. Methods of Analysis and Investment Strategies.***

The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include fundamental research as well as use of quantitative tools and investment approaches, as described more fully below.

The Adviser's methods of analysis include fundamental analysis of capital market relationships that are based upon mean reversion and relative value approaches, and avoid simple data or trend extrapolation. Sources of information include custodial records of client investment portfolios needed to prepare quarterly investment evaluation reports that provide a variety of statistical measures of net rates of return, and diagnostic tools, including regression analysis of returns, measures of risk, and return attribution. A variety of comparative benchmarks are used to evaluate the effectiveness of the total portfolio and component rates of return. These include the client's policy benchmark or proxy that are comprised of standard or generic indices in a combination that describes the client's long-term strategy, and statistical universes of funds and managers that provide relevant perspective for comparative purposes. The analysis of individual managers and strategies emphasize the consistency of the particular investment process and discipline with its past, and expectations of it in the given investment environment. Quarterly reports provide a framework for monitoring compliance with client goals, objectives, guidelines and restrictions. Such reports also provide perspective on the portfolio structure to aid the client in determination of what changes, if any that it may want to make to asset category or manager allocations. The established ranges of asset allocation are important to such monitoring.

Other sources of information include research produced by the many investment management organizations with which the Adviser is familiar, both nationally and internationally; newspapers; periodicals; and academic research available to all in investment books and periodicals. Registrant utilizes manager databases of investment strategies. Manager databases allow Adviser to screen and sort manager information to help identify required attributes. The Adviser believes that there is no substitute for personal interviews with investment management firm principals. The Adviser has established criteria for the evaluation of investment management organizations that emphasize qualitative



factors in addition to the usual quantitative analysis of historical data and accepts the fact that the evaluation process is subjective.

The investment strategy used by the Adviser recognizes that there is a direct relationship between risk and return and that any suggestion that a particular strategy or manager can suspend such relationship should be highly suspect. The Adviser accepts the fact that investment risk has a variety of definitions, not just the usual standard deviation of periodic rates of return. The Adviser advises clients that if a given level of prospective return is sought, a commensurate level of risk may be assumed. The Adviser's strategy emphasizes the need to recognize such prospective risk, establish tolerable limits of investment risk exposure and manage such risk through careful selection of asset allocation ranges, investment management services, diversification, and an appropriate investment planning horizon.

With respect to investments in private partnerships other pooled vehicles, the Adviser primarily focuses on underlying portfolio managers (each, a "Portfolio Manager") in terms of research rather than individual securities. The Adviser's analytical process includes both quantitative and qualitative elements. The Adviser endeavors to analyze a Portfolio Manager's strategy, philosophy and decision making process, proprietary models, research and portfolio management systems, the quality of its investment professionals, and its organizational structure.

The Adviser evaluates investment partnerships that may invest in marketable securities and assets that are not publicly traded, such as private equity, or debt. Partnerships offering various strategies, which may also include short selling and leverage, require particular attention to terms and conditions of such partnerships, as well as the investment process and controls, to evaluate the dimensions and types of risks that are often associated with such partnerships. The Adviser evaluates such partnerships based upon careful scrutiny of the general partners' history, the structural integrity and depth of the organization, the structural advantage of the investment strategy, the research discipline and the risk controls.

The Adviser may invest in or recommend strategies managed by mutual funds, separate accounts or private partnerships that employ the following investment strategies:

*Arbitrage Transactions.* Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in other forms. Arbitrage strategies include: event-driven arbitrage, merger arbitrage, capital structure arbitrage, convertible arbitrage, fixed income or interest rate arbitrage, statistical arbitrage, debt spread arbitrage and index arbitrage.

*Buy and Hold.* An investment strategy wherein the mutual fund, separate account or private partnership buys securities and holds them for a relatively longer period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price.

*Equity.* Equity strategies may focus on a broad range of equity investment styles, including growth, core, and value, as well as portfolios designed to be "style-neutral". *Client* accounts may include specific ranges on the capitalization scale, from micro-cap, through small-cap, mid-cap and large-cap, to mega-cap or on investment opportunities in more than one capitalization category or across all capitalization levels. In addition, *client* accounts may include global, multi-national, or focused on particular geographic regions or specific countries.

*Hedging.* The mutual funds, separate accounts or private partnerships that the Adviser may utilize employ a variety of financial instruments such as derivatives, options, interest rate swaps, caps and floors, futures and forward contracts for risk management purposes.

*Leverage.* The mutual funds, separate accounts or private partnerships that the Adviser may utilize employ leverage which involves the borrowing of funds from brokerage firms, banks and other institutions in order to be able to increase the amount of capital available for marketable securities investments.

*Short Selling.* The mutual funds, separate accounts or private partnerships that the Adviser may utilize employ engage in short selling strategies. In a short sale transaction, the mutual fund, separate account

investment manager or private partnership sells a security it does not own in anticipation that the market price of that security will decline. The mutual funds, separate accounts or private partnerships that the Adviser may utilize makes short sales (i) as a form of hedging to offset potential declines in long positions in similar securities] , (ii) in order to maintain flexibility and, (iii) for profit.

These methods strategies and investments involve risk of loss to *clients* and *clients* must be prepared to bear the loss of their entire investment.

***B. Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies.***

*Arbitrage Transaction Risks.* If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Adviser is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable “spreads”, which can also be identified, reduced or eliminated by other market participants.

*Commodities.* Commodity investments are affected by business, financial market or legal uncertainties. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on its commodity investments. Prices of commodity investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Adviser's portfolio and the value of its investments. In addition, the value of the Adviser's portfolio may fluctuate as the general level of interest rates fluctuates.

*Distressed Situation Risk.* Investment in distressed situations exposes the *client* to significant risks, including: the difficulty in obtaining information as to the issuer's true condition; regulatory risk, including laws relating to fraudulent conveyances, voidable preferences, lender liability and bankruptcy; litigation risk; liquidity risk; and collection risk (especially, when dealing with sovereign debt). Moreover, to the extent *client* accounts are invested in sovereign debt obligations, those investments will be subject to additional risks and considerations not present in private distressed situations, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which are affected by world events, changes in U.S. foreign policy and other factors outside of the control of the Adviser.

*Hedging.* There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while mutual funds, separate accounts or private partnerships utilized by the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage such mutual funds, separate accounts or private partnerships in any such hedging transactions.

*Interest Rate Risks.* Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

*Issuer-Specific Changes.* Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

*Leverage.* Performance may be more volatile if a mutual fund, separate account or private partnership engaged by the Adviser employ leverage.

*Short Selling Risk.* The mutual funds, separate accounts or private partnerships engaged by the Adviser may includes short selling. Short selling transactions expose the client to the risk of loss in an amount

greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the mutual fund, separate account or private partnership in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein the mutual fund, separate account or private partnership might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

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#### **Item 9. Disciplinary Information**

This Item is inapplicable.

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#### **Item 10. Other Financial Industry Activities and Affiliations**

##### ***A. Broker-Dealer Registration Status.***

This Item is inapplicable.

##### ***B. Commodities-Related Registration.***

This Item is inapplicable.

##### ***C. Material Relationships or Arrangements with Industry Participants.***

This Item is inapplicable.

##### ***D. Material Conflicts of Interest Relating to Other Investment Advisers.***

This Item is inapplicable.

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

##### ***A. Code of Ethics.***

The Adviser has adopted a Code of Ethics (the “Code”) that obligates the Adviser and its *related persons* to put the interests of the Adviser’s *clients* before their own interests and to act honestly and fairly in all respects in their dealings with *clients*. All of the Adviser’s personnel are also required to comply with applicable federal securities laws. *Clients* or prospective *clients* may obtain a copy of the Code by contacting Andrew D. Parrillo (Chief Compliance Officer) by email at [adp@newportcapadv.com](mailto:adp@newportcapadv.com), or by telephone at 617-471-0282. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by *related persons*.

The Adviser, in the course of its investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its *related persons* have invested or seek to invest on behalf of *clients*. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other *person*, regardless of whether such other *person* is a *client*. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to *persons* who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to *clients* and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the *client* or using such information for the *client*’s benefit. In

such circumstances, the Adviser will have no responsibility or liability to the *client* for not disclosing such information to the *client* (or the fact that the Adviser possesses such information), or not using such information for the *client*'s benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

**B. Client Transactions in Securities where Adviser has a Material Financial Interest.**

This Item is inapplicable.

**C. Investing in Securities Recommended to Clients.**

Should the Adviser or its related persons invest in the same securities (or related securities, e.g., warrants, options or futures) that the Adviser or a related person recommends to clients, such practice could present a conflict where, because of the information an Adviser has, the Adviser or its related person are in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients' trades). In addition to affecting the Adviser's or its related person's objectivity, these practices by the Adviser or its related persons may also harm clients by adversely affecting the price at which the clients' trades are executed. The Adviser has adopted the following procedures in an effort to minimize such conflicts: The Adviser requires its related persons/access persons to preclear all transactions in their personal accounts with the Chief Compliance Officer, Andrew D. Parrillo, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its clients. All of the Adviser's related persons are required to disclose their securities transactions on a quarterly basis and holdings on an annual basis. All of the Adviser's related persons are also required to provide broker confirmations of each transaction in which they engage and a monthly certification of such transactions. Trading in employee accounts will be reviewed by the Chief Compliance Officer and compared with transactions for the client accounts.

**D. Conflicts of Interest Created by Contemporaneous Trading.**

This Item is inapplicable.

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**Item 12. Brokerage Practices**

**A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.**

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution, offering to the Adviser on-line access to computerized data regarding a *client*'s accounts. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a *client* may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's Chief Compliance Officer and staff meet periodically to evaluate the broker-dealers used by the Adviser to execute *client* trades using the foregoing factors.

**1. Research and Other Soft Dollar Benefits.**

The Adviser does not obtain research or other soft dollar benefits.

**2. Brokerage for Client Referrals**

This Item is inapplicable.

### **3. Directed Brokerage**

This Item is inapplicable.

#### **B. Order Aggregation.**

The Adviser often purchases or sells the same security for many *clients* contemporaneously/at or near the same time and using the same executing broker. It is the Adviser's practice, where possible, to aggregate *client* orders for the purchase or sale of the same security submitted contemporaneously/at or near the same time][for execution using the same executing broker. The Adviser will also aggregate in the same transaction, the same securities for accounts where the Adviser has brokerage discretion. Such aggregation may enable the Adviser to obtain for *clients* a more favorable price or a better commission rate based upon the volume of a particular transaction.

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## **Item 13. Review of Accounts**

### **A. Frequency and Nature of Review.**

Each consultative, non-discretionary client account will be formally reviewed quarterly by the Adviser's President, Andrew D. Parrillo, using the information contained in quarterly investment evaluation reports. In the interim, reviews will be triggered by personnel changes at investment management firms retained by clients, significant capital market events, client inquiries, or as conditions warrant. Informal reviews will be conducted monthly based upon investment manager reports and dialogue with Adviser. Findings of quarterly reviews will be documented in writing by Adviser and transmitted to client. Each discretionary client account is reviewed at least weekly by Andrew D. Parrillo. Matters reviewed include specific securities held, adherence to investment guidelines and the performance of each *client* account

### **B. Factors Prompting a Non-Periodic Review of Accounts.**

Significant market events affecting the prices of one or more securities in *client* accounts changes in the investment objectives or guidelines of a particular *client* or specific arrangements with particular *clients* may trigger reviews of *client* accounts on other than a periodic basis.

### **C. Content and Frequency of Regular Account Reports.**

Each client that is a separate account will receive a quarterly written evaluation letter that reviews performance for all relevant time intervals, and portfolio holdings at market values at the end of the reporting period from the Adviser. Such reports may be delivered electronically to the client in accordance with the client's agreement with the Adviser. Clients may request periodic updates of portfolio performance and structure.

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## **Item 14. Client Referrals and Other Compensation**

### **A. Economic Benefits Received from Non-Clients for Providing Services to Clients.**

The Adviser receives no economic benefits from non-clients for providing services to clients.

## **B. Compensation to Non-Supervised Persons for Client Referrals.**

The Adviser does not compensate non-supervised persons for client referrals.

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### **Item 15. Custody**

*Clients* will receive account statements from a broker-dealer, bank or other qualified custodian and *clients* should carefully review those statements.

The Adviser also sends quarterly statements directly to *clients* in addition to those sent by the qualified custodian. *Clients* should compare any quarterly statements they receive from the custodian with those received from the Adviser.

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### **Item 16. Investment Discretion**

The Adviser provides investment advisory services on a *discretionary basis* to *clients*. Please see Item 4 for a description of any limitations *clients* may place on the Adviser's *discretionary authority*.

Prior to assuming full/limited discretion in managing a *client's* assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary *client*, the Adviser has the authority to determine (i) the securities to be purchased and sold for the *client* account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) (ii) the amount of securities to be purchased or sold for the *client* account. Because of the differences in *client* investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among *clients* in invested positions and securities held. The Adviser submits an allocation statement to the Adviser's trading desk describing the allocation of securities to (or from) *client* accounts for each trade/order submitted. The Adviser may consider the following factors, among others, in allocating securities among *clients*: (i) *client* investment objectives and strategies; (ii) *client* risk profiles; (iii) tax status and restrictions placed on a *client's* portfolio by the *client* or by applicable law; (iv) size of the *client* account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is the Adviser's policy to allocate investment opportunities to eligible *client* accounts on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead the Adviser to allocate securities to *client* accounts in varying amounts. Even *client* accounts that are typically managed on a *pari passu* basis may from time to time receive differing allocations of securities] based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular investment.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser's error correction procedure is to ensure that *clients* are treated fairly and, following error correction, are in the same position they would have been if the error had not occurred. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a *client* account incurs a trade error as a result of the Adviser's gross negligence, willful misconduct, or fraud, trade errors will be corrected by the Adviser as soon as practicable, in a manner such that the *client* incurs no loss. Trade errors that result other than by breach of the standard of care above are borne by the *client* account.

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**Item 17. Voting *Client* Securities*****A. Policies and Procedures Relating to Authority to Vote Client Securities.***

Although the Adviser does not have authority to vote proxies, *clients* may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser views proxies by contacting Andrew D. Parrillo, Chief Compliance Officer by email at [adp@newportcapadv.com](mailto:adp@newportcapadv.com) or by telephone at 617-471-0282.

***B. No Authority to Vote Client Securities and Client Receipt of Proxies.***

The Adviser does not have authority to vote *client* securities. *Clients* will receive their proxies or other solicitations directly from their custodian/their transfer agent/the Adviser. With respect to any questions about a particular solicitation, *clients* can contact Andrew D. Parrillo, Chief Compliance Officer by email at [adp@newportcapadv.com](mailto:adp@newportcapadv.com) or by telephone at 617-471-0282.

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**Item 18. Financial Information**

This Item is not applicable.

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**Item 19. Requirements for State-Registered Advisers**

This Item is inapplicable.

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## Item 2. Appendix: Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 6, 2013 is a document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that clients receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.



***Brochure Supplement***

**Andrew D. Parrillo  
May 23, 2013**

Newport Capital Advisers, Inc.  
500 Victory Road  
North Quincy, MA 02171  
617-471-0282  
adp@newportcapadv.com

**This brochure supplement provides information about Andrew D. Parrillo that supplements the Newport Capital Advisers, Inc. brochure. You should have received a copy of that brochure. Please contact Andrew D. Parrillo if you did not receive the Newport Capital Advisers, Inc.'s brochure or if you have any questions about the contents of this supplement.**

**Additional information about Andrew D. Parrillo is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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**Item 2. Educational Background and Business Experience**

Andrew David Parrillo, President

Year of birth: 1947

B.S., 1969, Boston University

President, Newport Capital Advisers, Inc., April 1995 to Present; Managing Member, Victory Road Investors LLC, June 2000 to Present, Chief Compliance Officer, Newport Capital Advisers, Inc., September 2004

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**Item 3. Disciplinary Information**

This Item is not applicable.

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**Item 4. Other Business Activities**

This Item is inapplicable.

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**Item 5. Additional Compensation**

This Item is inapplicable.

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**Item 6. Supervision**

This Item is inapplicable.

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**Item 7. Requirements for State-Registered Advisers**

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