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**Form ADV Part 2A  
Firm Brochure  
Fiduciary Consulting Practice  
Institutional Services**

**September 11, 2018**

This Brochure provides information about the qualifications and business practices of Newport Group Consulting, LLC ("NGC") and Newport Group Securities, Inc. ("NGS"), (collectively "Newport Group" or "the Firm"). If you have any questions about the contents of this brochure, please contact us at 407-333-2905 and/or [NGcompliance@newportgroup.com](mailto:NGcompliance@newportgroup.com).

The information contained in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

NGC and NGS are Registered Investment Advisers. Registration of an Investment Adviser does not imply a certain level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about NGC and NGS are available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2: Material Changes**

The following summary discusses material changes to the Newport Group Form ADV, Part 2A Fiduciary Consulting Practice Brochure (the “Brochure”), dated September 11, 2018. Consistent with the SEC rules we will provide you with a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year, which is December 31<sup>st</sup>.

### *Summary of Material Changes:*

Assets under management as of 12/31/17 for Newport Group Securities, Inc. (NGS) were updated. Total assets originally reported were \$31,075,008,208.

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## Item 4: Advisory Business

### Background

- A. Newport Group Consulting, LLC (“NGC”) and Newport Group Securities (“NGS”)<sup>1</sup>, (collectively “Newport Group”) as Registered Investment Advisers have been in business since April 2006 and July 2001, respectively. Newport Group provides institutional investment and fiduciary consulting services primarily to retirement plans, their sponsors, and their participants. Many of these plans provide for participant-directed investments.<sup>2</sup>

NGC is wholly-owned subsidiary of Newport Group, Inc., a provider of retirement plan administration and recordkeeping services. NGS is a wholly owned subsidiary of Newport Group Holdings I, Inc. which is controlled by and 100% owned by Newport Group Holdings, LP. NGC and NGS are affiliates of Newport Trust Company, a New Hampshire-chartered limited-powers trust company that provides trustee and custodial services.

Newport Group, Inc. is a wholly owned subsidiary of Newport Group Holdings I, Inc. which is controlled by and 100% owned by Newport Group Holdings, LP. Newport Group Holdings LP is 100% owned by Newport Holdings GP I, LLC and indirectly controlled by Trident V, LP and Trident V Parallel Fund, LP.

Newport Group’s management believes that none of the indirect relationships that the Firm may have are material to the business of Newport Group and do not cause a conflict of interest with the activities on behalf of its clients.

- B. In its capacity as an RIA, Newport Group offers the following types of services to retirement plan sponsors:
1. Investment Consulting Services
  2. Discretionary Investment Management Services
  3. Fiduciary Governance Advice Services
  4. Retirement Plan Consulting Projects
  5. MenuAdvisor®
  6. Risk-Selective Target Date Portfolios

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<sup>1</sup> NGS is a dually registered investment adviser and broker-dealer. NGS received approval as a member of FINRA on April 15, 1992

<sup>2</sup> New clients’ services will be offered through and managed by NGC.

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## I. Investment Consulting Services

Newport Group's investment consulting services include direct, ongoing advice to institutional clients regarding the following:

- Comprehensive investment review, including an analysis of the existing menu, investment managers and asset allocation strategies
- Prepare and maintain an Investment Policy Statement (“IPS”) that is reviewed (*and updated as needed*) at least annually
- Review of investment menu and make recommendations regarding diversification by asset class and investment style
- Review, evaluate, and provide recommendations regarding asset allocation tools and Qualified Default Investment Alternative (“QDIA”) options for defined contribution plans
- Review and recommend asset allocation based on client time horizon and risk tolerance
- Review, evaluate and select investment managers using criteria specified in the IPS
- Continually monitor and report on each manager using the same criteria
- Maintain a Watchlist and recommend removal/replacement of investment managers as warranted
- Provide full written documentation of the process, including comprehensive quarterly reporting, known as the Quarterly Investment Manager Review (“QIMR”)
- Provide advice and guidance on other investment-related issues as needed

### **Investment Review**

Newport Group prepares an analysis of current investments, including an evaluation of the asset classes and investment styles included in the menu (*identifying potential gaps and overlap*) and the asset allocation strategy and/or tools utilized. Newport Group then reviews the existing managers, comparing them to an appropriate asset class/style-specific benchmark and peer group.

### **Investment Policy Statement**

Newport Group develops an IPS for each client, which is intended to serve as a “road map” to assist in the ongoing management of the plan. The IPS defines the roles and responsibilities of the parties, outlines specific guidelines and restrictions, summarizes the basis for menu construction and asset allocation, and provides for the periodic review of the investments and policies. Furthermore, the IPS defines the specific process and criteria for the evaluation, selection and ongoing monitoring of managers, including Watchlist and replacement criteria.

### **Asset Allocation and Menu Construction**

Asset allocation is an important investment decision, as it is the primary determinant of the return and risk characteristics of a portfolio. Newport Group's proprietary asset allocation framework incorporates forward-looking input assumptions and risk control constraints. For sponsor-directed plans, Newport Group provides advice regarding asset allocation and rebalancing policies given the specific needs and objectives of the plan,

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such as goals and return objectives, plan liabilities, time horizon, risk tolerance, cash flow, and underlying participant demographics.

For participant-directed plans, Newport Group will design an investment menu that will include an array of asset classes, investment styles and risk-return characteristics, so that participants are provided the ability to construct their own diversified portfolios unique to their individual time horizons, return objectives, and tolerance for volatility.

Additionally, Newport Group believes asset allocation tools are an important component of a participant-directed plan, allowing participants to select among the plan's investment options in a manner that reflects their individual time horizons, return objectives, and tolerance for volatility. Newport Group will recommend asset allocation tool(s) for retirement plan participants, whether it be risk-based model portfolios made up of the underlying funds in the investment menu, a series of target date funds, and/or a participant advice service, based upon the [participant's individual / plan's] investment objectives and risk tolerance.

For qualified plans, Newport Group may recommend the default investment as a "QDIA", under the requirements of the Pension Protection Act of 2006. This may include but is not limited to a target-retirement-date fund, a professionally managed account or a balanced fund.

## **Investment Manager Evaluation and Selection**

Newport Group's investment manager evaluation and selection process incorporates several key quantitative and qualitative criteria that Newport Group believes are the best indicators of the consistency and repeatability of a manager's return and risk characteristics.

Newport Group's quantitative investment process isolates return, risk, risk-adjusted return, and style consistency variables for comparison with applicable benchmarks and peer groups, with an emphasis on the consistency and repeatability of these characteristics, as well as competitive expenses. Managers who satisfy our rigorous quantitative criteria then move through our qualitative assessment. Newport Group's manager research team examines each manager to verify the quality and consistency of the people, the philosophy, and the investment process. Research analysts strive to identify the specific attributes that differentiate the manager from its peers and then determine the sustainability of the manager's investment approach. Clients should understand that there can be no assurance that past performance will be repeated and that investments in securities involve risks, including the possible loss of the principal amount invested.

## **Investment Manager Monitoring and Replacement**

Newport Group continually monitors the managers based on the same quantitative and qualitative criteria. If a particular manager is underperforming based on the criteria, it will be placed on our Watchlist and allowed some period of time to correct the deficiencies. During this period, Newport Group will consider the manager's performance relative to our expectations for its investment style in the context of the recently prevailing market environment. This may cause Newport Group to take quicker action when the manager research team would expect the market environment to have been favorable for the strategy or to be more patient when the market environment has been an impediment

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relative to the manager's established style. If the manager fails to improve, Newport Group will proactively recommend replacement of the manager.

## **Periodic Reporting and Review**

Newport Group's detailed Quarterly Investment Manager Review ("QIMR") is the cornerstone of our continuous supervision process. A formal report is prepared and delivered to each client quarterly. The report connects the ongoing monitoring process back to the IPS, which documents the prudent process followed and required under the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The QIMR also communicates Newport Group's perspective on the capital markets, our comments on the investment managers and the performance of the overall investment menu/portfolio.

## **II. Discretionary Investment Management Services**

In addition, Newport Group provides certain sponsors of qualified defined contribution and defined benefit plans with discretionary investment management services under its authority as an "investment manager" to the named fiduciaries of such plans (*as defined in Section 3(38) of ERISA*).

For participant-directed defined contribution plans, Newport Group provides discretionary investment menu construction and, if desired, development of asset allocation model portfolios based on the specific needs of its clients. Newport Group monitors the performance of each investment option and the model portfolios and exercises its discretion as investment manager to substitute, add or remove investment options. Newport Group may also make corresponding changes to the model portfolios as a result of any such substitution, addition or removal of an investment option. Newport Group also selects and manages, at its discretion, the investment option or model portfolio that will serve as the "default" investment option for those participants that do not make an independent investment election.

Newport Group is not responsible for investment decisions made by plan participants. Newport Group also is not responsible for investment decisions involving employer securities or for plan assets that have not been designated as subject to Newport Group's authority as investment manager.

With respect to plans that are not participant-directed (*e.g., defined benefit plans and certain defined contribution plans such as money purchase and profit sharing plans*) and that utilize Newport Group's discretionary investment management services, Newport Group exercises full discretion with respect to delegated assets as to the selection of fund managers and the allocation of plan assets among such managers. Newport Group is responsible for monitoring the performance of the managers. Generally, Newport Group does not allow clients to impose restrictions except for investment discretionary clients; (*see Item 16*).

## **III. Fiduciary Governance Services**

As an additional service, Newport Group provides direct, ongoing advice regarding non-investment related obligations that ERISA places on plan sponsors of participant-directed, qualified defined contribution plans. Newport Group presents written reports to the retirement plan committee on each of the following fiduciary consulting services:

- Fully customized Fiduciary Practices Statement (*reviewed annually*)

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- Periodic fiduciary governance review and development/review of Fiduciary Governance Charter
- Comprehensive total plan expense analysis including review for reasonableness and competitiveness versus industry standards (*annual*)
- Comprehensive service provider review versus performance standards as outlined in the services agreement and versus competitive standards and industry best practices (*annual*)
- Assessment of employee education and communication programs, including development of a comprehensive education and communication plan and ongoing evaluation of the effectiveness of the program (*annual*)
- Assistance with 404(c) compliance by conducting an annual diagnostic
- Assistance with DOL Reg. Section 2550.404a-5—participant fee disclosure—compliance by conducting an annual diagnostic
- Annual “recap” prepared for the board summarizing all pertinent information/activities of the retirement plan committee regarding oversight of the plan
- Fiduciary “onboarding” and education

## IV. Retirement Plan Consulting Projects

Newport Group conducts various projects for clients, including, but not limited to, retirement plan provider vendor searches, plan trustee searches, merger and acquisition consulting, comprehensive service provider reviews and total plan expense analysis. A retirement plan provider vendor search project would include comprehensive management of the entire search process, including custom creation of request for information (“RFI”) and request of proposal (“RFP”) documents, evaluation of RFI/RFP responses, finalist selection and interviews, on-site visits, and full conversion/implementation management.

## V. MenuAdvisor®

Through a partnership with Bank of America Merrill Lynch, Newport Group provides professional advice and assistance to plan sponsors. This service includes: 1) Analyzing a plan sponsor’s current menu, 2) Creating an Investment Policy Statement, 3) Choosing appropriate investments to offer to employees and 4) Monitoring and managing the plan sponsor’s menu of investments.

## VI. Risk-Selective Target Date Portfolios

Risk-Selective Target Date Portfolios is a managed account service that allows individuals to select one of a series of 15 diversified portfolios by selecting the portfolio that aligns with their desired retirement date and individual risk tolerance. The portfolios are structured as a series of 3 risk levels (aggressive, moderate, and conservative), with 5 target-date ranges in 10-year increments (2011-2020, 2021-2030, 2031-2040, 2041-2050, and 2051-2060). The underlying investments and allocations in the portfolios are managed by NGC’s investment committee and allocations managed along a glide path that will gradually allocate the portfolios to a greater level of fixed income (bond) investments as time progresses toward the retirement year. As time progresses, NGC intends to add portfolios for retirement dates post 2060 and retire portfolios that have reached the designated retirement age.



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The portfolios can be constructed and managed using the plan's designated investment alternatives, or a subset of those investments. These are called "Custom" portfolios. They can also be structured and unitized on a custodial platform using investment selected by Newport Group, called "Flagship" portfolios.

Newport Group may provide to the investment advisor or plan sponsor a risk-tolerance questionnaire to assist plan participants in determining their investment risk tolerance. This questionnaire is intended to be used for the selection of the appropriate portfolio in conjunction with the participant's expected retirement (or asset distribution) year.

- A. Newport Group's services may be customized for clients. All guidelines are documented in the Investment Policy Statement.
- B. Not applicable to Newport Group.
- C. As of December 31, 2017, NGC has \$736,573,830 of non-discretionary and \$253,646,369 of discretionary assets under management. NGS has \$28,626,357,761 of non-discretionary and \$1,859,582,373 of discretionary assets under management.

## Item 5: Fees and Compensation

**A.–C. Full Disclosure Fee Transparency**—Our compensation is exclusively fee based, fully disclosed and paid by our clients, either directly or from plan assets, except as noted on page 11.

Newport Group's investment consulting fees are offered and based upon either:

- 1. Fixed fees; or
- 2. Percentage of assets under advisement or management.

### I. Fixed Fees

Most often, Newport Group provides investment advice on a fixed fee basis. Such fees are subject to negotiation under certain circumstances based on the nature and complexity of the work to be done and at the sole discretion of Newport Group. Accounts opened or closed during a period will have the consulting fee prorated for the period. The terms for termination of services are made part of Newport Group's investment consulting agreement as negotiated on a client-by-client basis.

### II. A Percentage of Assets under Advisement or Management

Newport Group's annual fee for investment consulting services, as further described below, is based on the value of the assets under Newport Group's advisement or management. Such fees are subject to negotiation under certain circumstances and at the sole discretion of Newport Group. An exact fee will be agreed upon with each client and will be made a part of the investment consulting agreement. Typically, the fee is billed quarterly in advance of service based on the quarter-end value of the account. Accounts opened or closed during a period will have the consulting fee prorated for the period. The terms for termination of services are part of Newport Group's investment consulting agreement as negotiated on a client-by-client basis.

When acting as a registered investment adviser, Newport Group often recommends the use of professional money managers, typically in the form of mutual funds or commingled trusts. As an independent firm with no affiliations with investment

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management or mutual fund companies, Newport Group provides unbiased, direct advice, free from any potential conflicts of interest. As an RIA, Newport Group rarely receives “indirect” compensation from mutual funds in the form of “revenue sharing” or other forms of fund-based compensation with respect to its investment consulting services for ERISA-covered plans. To the extent revenue sharing is received, such amounts are applied to pay outstanding invoices, with any excess returned to the plan as directed by the sponsor. All fees are disclosed on the client’s quarterly invoice.

Investment Consulting Services			
Assets Included in Service	Annual Fee (%)	Cumulative %	\$
First \$25 million	0.15	0.15%	\$ 37,500
\$25 to \$50 million	0.10	0.125%	\$ 62,500
Over \$50 million	0.05 (Negotiable)	0.125% or less	\$ 62,500+
Fee applies to billable assets only ( <i>i.e., excludes company stock, self-directed accounts, etc.</i> )			
Fee is “blended” as assets increase			
<b>Please note:</b> typically plans over \$50 million are quoted at a fixed annual fee.			

D. A client may obtain a refund of a pre-paid fee if the consulting contract is terminated before the end of a billing period in writing to Newport Group. We will refund the pro-rata amount by check within 30 days of receipt of the notice to terminate.

E. 1–4. The majority of the mutual funds Newport Group recommends are institutional share and no-load funds as we attempt to minimize plan expenses. This is evidenced in our investment manager evaluation and selection criteria as referenced in Item 4.B.1., above.

Any revenue sharing received from mutual funds for Newport Group RIA clients should be credited to the client account at the applicable trust company. Where clients wish to offset their RIA fees they will need to request the trust company to direct payment to Newport Group. Newport Group does not offset fees on their invoices for revenue sharing received in error. As a registered investment adviser, and in the majority of circumstances Newport Group does not receive any additional net compensation through revenue sharing<sup>3</sup>. In the unlikely circumstance where additional compensation takes place, Newport Group will provide the client with full disclosure and request consent prior to any arrangement. Generally, when acting in the capacity of an RIA, Newport Group and its supervised persons do not accept commissions (*or markups/markdowns*) in their capacity as broker-dealer.

## F. Client Referral Program

Newport Group offers up to a \$5000 credit to be applied toward the annual investment consulting fee to any current client that refers Newport Group a new client that signs an investment consulting agreement with Newport Group’s RIA to provide ongoing investment

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consulting services. The credit will be applied toward the next quarterly billing cycle once the new client has signed the agreement. This program can be discontinued at any time at the discretion of Newport Group. The fee discount will be applied as a one-time fee reduction; however, a firm is not limited to the number of discounts that they can receive.

## Item 6: Performance–Based Fees and Side–By–Side Management

Newport Group does not engage in Performance–Based Fee and Side–by–Side Management of accounts. As described above, Newport Group provides consulting services for a fixed fee and/or based upon a percentage of assets under management.

## Item 7: Types of Clients

Newport Group generally provides investment advice and the services described in this ADV to the following types of clients:

- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Insurance companies
- Corporations or business entities other than those listed above

Newport Group may interact with plan sponsors, plan committee members, boards of directors, officers responsible for investments or investment management, trustees and named or functional fiduciaries (*individuals who have discretionary authority*).

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

- A. Newport Group advises clients on asset allocation using the Modern Portfolio Theory and a mean–variance framework. In general, the firm's approach is to construct portfolios that have the highest expected return for the given level of risk a client is willing to assume.
- B. Investing in securities involves risk of loss of principal. Newport Group's risk management methodology does not protect against loss. Clients should evaluate their ability to withstand market losses prior to investing.
- C. As an institutional consultant, we recommend investment managers within multiple assets classes so our clients are provided the ability to construct diversified portfolios. Certain risks are inherent to investing in money markets, stable value, fixed income, equity (*including domestic and international*) and alternative asset classes.

One should carefully review the models and underlying funds' prospectuses prior to investing.

Based upon the funds selected, other investment risks may include the following:

### Principal Equity Risks

Investing in mutual funds is not guaranteed by any agency or program of the U.S. government or by any other person or entity, and **one could lose money**. One should consider one's investment goals, time horizon and risk tolerance before investing. The principal risks associated with an investment could include the following:

- **Equity Securities and Market Risk.** The financial risk that the investment manager may select individual companies that do not perform as anticipated, the risk that the stocks and

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markets in which the fund invests may experience periods of turbulence and instability, and the general risk that domestic and global economies and stock markets may go through periods of decline and cyclical change.

- **Non-Diversification Risk.** Some mutual funds may be classified as a “non-diversified” portfolio which means it may hold fewer securities than a diversified fund because it may invest a greater percentage of its assets in a smaller number of securities. Holding fewer securities increases the risk that the value of a fund could go down because of the poor performance of a single investment.
- **Foreign Investment Risk.** Investments in foreign securities may be riskier than U.S. investments because of factors such as unstable international, political and economic conditions, currency fluctuations, foreign controls on investment and currency exchange, foreign governmental control of some issuers, potential confiscatory taxation or nationalization of companies by foreign governments, withholding taxes, a lack of adequate company information, less liquid and more volatile exchanges and/or markets, ineffective or detrimental government regulation, varying accounting standards, political or economic factors that may severely limit business activities, and legal systems or market practices that may permit inequitable treatment of minority and/or non-domestic investors. Investments in emerging markets may involve these and other significant risks such as less mature economic structures and less developed and more thinly-traded securities markets.
- **Currency Risk.** The performance of a fund may be materially affected positively or negatively by foreign currency strength or weakness relative to the U.S. dollar, particularly if a fund invests a significant percentage of its assets in foreign securities or other assets denominated in currencies other than the U.S. dollar.

## Principal Fixed-Income Risks

It is possible to lose money on an investment in a fixed-income fund. The principal risks of investing in fixed-income funds, which could adversely affect its net asset value, yield and total return, include the following:

- **Fixed-Income Securities and Market Trading Risk:** the risk that an active secondary trading market for a mutual fund does not continue once developed, that a fund may not continue to meet a listing exchange’s trading or listing requirements, or that a fund shares trade at prices other than the fund’s net asset value.
- **Interest Rate Risk:** the risk that fixed-income securities will decline in value because of an increase in interest rates; a fund with a longer average portfolio duration will be more sensitive to changes in interest rates than a fund with a shorter average portfolio duration.
- **Credit Risk:** the risk that a fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.
- **Market Risk:** the risk that the value of securities owned by a fund may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular sectors.
- **Issuer Risk:** the risk that the value of a security may decline for reasons directly related to the issuer, such as management performance, financial leverage and reduced demand for

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the issuer's goods or service.

- **Liquidity Risk:** the risk that a particular investment may be difficult to purchase or sell and that a fund may be unable to sell illiquid (*non-marketable*) securities at an advantageous time or price.
- **Mortgage-Related and Other Asset-Backed Risk:** the risks of investing in mortgage-related and other asset-backed securities, including interest rate risk, extension risk and prepayment risk.
- **Leveraging Risk:** the risk that certain transactions of a fund, such as reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed delivery or forward commitment transactions, or derivative instruments, may give rise to leverage, causing a fund to be more volatile than if it had not been leveraged.
- **Management Risk:** the risk that there is no guarantee that the investment techniques and risk analyses applied by an investment manager will produce the desired results, and that legislative, regulatory, or tax developments may affect the investment techniques available to a particular investment/portfolio manager in connection with managing a fund and may also adversely affect the ability of a fund to achieve its investment objective.

## Item 9: Disciplinary Information

A.–C. Newport Group has no disciplinary information to report.

## Item 10: Other Financial Industry Activities and Affiliations

A.–C. Principal executive officers, other employees and independent contractors of Newport Group, may be Registered Representatives (“RRs”) of NGS and/or Investment Adviser Representatives (“IARs”) of NGC and/or NGS. Additionally, certain individuals are or may be licensed as insurance agents or brokers for one or more affiliated insurance companies.

When acting as IARs, individuals associated with Newport Group operate under a strict fiduciary standard. Apart and aside from Newport Group's fee-for-service investment consulting business, when acting in both IAR and RR capacities, individuals associated with Newport Group are said to be acting in a “dual capacity”.

Clients should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect the judgment of these individuals when making recommendations as to an appropriate broker-dealer or upon implementation of investment recommendations. Newport Group has adopted certain procedures to mitigate the effect of these conflicts, including the proactive disclosure, on a client-specific basis, of the existence of any dual capacity situations.

D. Not applicable to Newport Group.

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

### A. Code of Ethics

Newport Group has adopted various policies, including a Code of Ethics (the “Code”) to address the potential for self-dealing and conflicts of interest which may arise with respect to personal securities trading by employees, officers and other affiliated individuals (“Associated Persons”). The Code not only applies to Associated Persons but also members of their immediate family (as defined in the Code), which includes relatives living in

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the Associated Persons principal residences. The Code and other policies cover, among other things, the protection of confidential information, including the client's non-public information; the review and monitoring of the personal securities accounts of certain Newport Group personnel for evidence of manipulative and insider trading; and training of personnel.

Newport Group acts as an investment consultant on the retirement plan for multiple mutual fund companies. Independently, Newport Group evaluates the funds of this company for consulting clients. Newport Group manages this conflict of interest by separating Newport Group employees that provide service to the retirement plan from those that recommend funds to our investment committee. The individuals that provide service to the retirement plans and the individuals that recommend funds do not receive compensation based on the revenue that the firm receives as an investment consultant.

## Personal Trading Policy

Newport Group has adopted a uniform insider trading policy and personal securities reporting requirement to identify and mitigate conflicts of interest.

In general, this policy covers personal trading of Newport Group employees subject to certain reporting requirements pursuant to the Firm's Code of Ethics and includes the following restrictions on personal trades:

- No associated person is permitted to place a securities transaction to his advantage over that of a client. Newport Group's consulting personnel who have access to non-public information regarding clients' securities transactions, are involved in making securities recommendations to consulting clients, and/or have access to securities recommendations that are not public are required to disclose to Newport Group all personal transactions in securities other than transactions in direct obligations of the U.S. Government, money market instruments, money market funds, mutual funds, and unit investment trusts (*including ETF's that are organized as UITs*). Newport Group's compliance department reviews all such transactions.
- A director, officer or employee of Newport Group shall not buy or sell securities for their own personal portfolios where their decision is substantially derived, in whole or in part, from information received by reason of their employment unless the information is also available to the investing public upon reasonable inquiry.

You may obtain a copy of Newport Group's Code of Ethics by writing to the address listed on the cover page.

## Participation or Interest in Client Transactions

B.–D. Not applicable to Newport Group.

## Item 12: Brokerage Practices

1. Not applicable to Newport Group.
2. Not applicable to Newport Group.
3. Not applicable to Newport Group.

## Item 13: Review of Accounts



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## A.-B. Reviews and Reviewers of Accounts.

Formal investment portfolio reviews are conducted quarterly, and quarterly reports are provided to clients in electronic and/or hard copy format. Newport Group's investment research analysts and investment consultants continually monitor investment managers based on the same quantitative and qualitative criteria used to evaluate and select investment managers, as described in Item 4.B.I. If a particular manager is not performing to our expectations based on the criteria, it will be placed on our Watchlist and allowed a period of time to correct the deficiencies. If the manager fails to improve, we will proactively recommend replacement of the manager when warranted.

Our investment process was developed and is implemented by our investment team, not any one individual. The overall review of the investment consulting services of Newport Group lies with the investment committee. However, the investment consultants and senior investment consultants are the primary reviewers. Newport Group will monitor the number of accounts assigned to each investment consultant to ensure the level of professionalism established by Newport Group is maintained.

Newport Group reviews client accounts intra-quarter when a significant event (e.g., *investment manager or strategy change*) occurs.

## C. Frequency of Reports.

The QIMR is the cornerstone of Newport Group's ongoing supervision process; (*also see Item 4, above*). It is a formal report that is prepared and delivered on a quarterly basis, connecting the ongoing monitoring process back to the criteria and benchmarks set forth in the investment policy statement. The QIMR serves as a basis for the review of the menu, managers and the asset allocation tools (*if applicable*).

The QIMR also communicates Newport Group's perspective on the capital markets and provides commentary on the managers and the various asset classes and investment styles represented in the menu. Of particular value to clients are the Executive Summary "scorecards." Each manager is "scored" along the key quantitative and qualitative criteria as identified in the Investment Policy Statement and utilized in the evaluation, selection, and monitoring process described in Item 4.B.I.

We have separate and distinct Executive Summaries for active managers, passive managers, the stable value/money market option, and the plan's asset allocation tools (*target-date funds, risk-based models, and/or participant advice service for participant-directed plans.*) Also of value in our defined benefit plan QIMR is the DB Plan Attribution Analysis Summary.

Clients or custodians also receive confirmations of account activity directly from the applicable investment company, fund family, or insurance company.

## Item 14: Client Referrals and Other Compensation

### A. Solicitors

In accordance with SEC Rule 206(4)–3 under the Investment Advisers Act of 1940, Newport Group may engage a non-affiliated third-party to solicit advisory services. Each arrangement is fully disclosed in writing to the client at the time the Consulting Agreement is executed with Newport Group.

The referral fee is paid in one of two ways:

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1. A percent of Newport Group's annual consulting fee, payable to the Intermediary Partner quarterly, or
2. A one-time fee taken from Newport Group's consulting fee.

Importantly, the fee Newport Group pays the third-party does not increase Newport Group's fee to the client for investment consulting services.

Newport Group receives no direct or indirect economic benefits from any outside sources for providing investment advice or other consulting services to our clients.

## Item 15: Custody

Not applicable to Newport Group.

## Item 16: Investment Discretion

### Investment or Brokerage Discretion Portfolio Management Services

For investment discretionary clients, Newport Group will be provided with written authority to determine which securities and the amounts of securities that are to be bought or sold through a provision contained in the investment consulting agreement executed with each client. Any limitations on this discretionary authority shall be included in the investment consulting agreement or in the client's investment policy statement. Typical restrictions will limit Newport Group from purchasing types of industries or individual issuers. Newport Group retains the right to refuse to accept any client account that imposes restrictions that are unreasonable. Clients may change or amend these limitations upon providing thirty (30) days' advance written notification to Newport Group.

## Item 17: Voting Client Securities

- A. Newport Group does not obtain or exercise any proxy voting authority over client securities. Consequently, Newport Group shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account.
- B. Newport Group does not have authority to vote client securities. In most cases, clients receive their proxies and/or other solicitations directly from their custodian (or transfer agent). Newport Group does not volunteer advice concerning the voting of proxies and/or other solicitations; however, we will offer advice if contacted by our clients to do so. Clients may contact us for assistance with proxies and/or solicitations via phone, electronic mail or in writing. Importantly, Newport Group will not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. In addition, Newport Group typically does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

## Item 18: Financial Information

A.–C. Not applicable to Newport Group.

**Note:** *Newport Group does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. Newport Group does not have any financial commitments*



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*that impair its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.*

## Privacy Policy

### NEWPORT GROUP, INC.

This Privacy Policy describes how Newport Group, Inc. and its affiliates (collectively referred to as “Newport Group”) collect, utilize and protect nonpublic personally identifiable information for current customers, former customers, and potential customers. We are committed to maintaining the confidentiality, integrity, and security of nonpublic personal information for our customers, and we consider the protection of such information to be a foundation of customer trust and sound business practice.

### Who We Are

Newport Group provides recordkeeping, plan administration, trust and custody, consulting, investment advisory/management, insurance and brokerage services.

### How We Utilize Your Information

In the course of providing customer services, Newport Group may obtain or have access to nonpublic personal information about its customers and potential customers, their employees, family members, trustees and other fiduciaries and other representatives. Newport Group maintains physical, procedural, and electronic safeguards to protect the privacy of every person whose nonpublic information it obtains or to which it is provided access.

### How We Protect Your Nonpublic Personal Information

Newport Group maintains physical, electronic, and procedural safeguards to protect your nonpublic personal information. Such information may be stored in either hard copy or electronic format (or both). We protect this information and use it to service your account. We utilize physical, electronic and procedural controls to protect information, and we regularly adapt these controls to respond to changing requirements and advances in technology. We limit access to nonpublic personal information to only those who require it to develop, support, offer and deliver services to you.

### Updating Your Nonpublic Personal Information

Newport Group offers several options for accessing your account information. You can review your information independently using your printed statements, our Newport Group website or our automated telephone service. You may request that we update your information or speak to a representative by calling telephone numbers shown in other parts of this website.

### How We Share Information

Unless otherwise authorized by the plan sponsor or plan participant, Newport Group does not share nonpublic personal information about its customers with third parties for use in marketing their products or services. Newport Group may also share nonpublic personal information with our affiliates and third- party service providers performing services relating to your account. These third-party service providers are required by both federal and state law to maintain strict

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privacy policies. In addition, these service providers are obligated by agreements with Newport Group to keep the nonpublic personal information we share with them confidential.

From time to time, Newport Group may be required to share nonpublic personal information with federal, state or local regulatory agencies. Newport Group may also be required to share nonpublic information pursuant to a court order requiring disclosure in connection with a court proceeding that involves an account for which Newport Group provides services.

## Privacy and our Website

Privacy, security and service in our online operations are a cornerstone of our business environment for our customers. We utilize the safeguards described in this Privacy Policy, along with firewall barriers, authentication procedures and other means, to maintain the security of your online session and to protect your accounts and our systems from unauthorized access.

## Accessing our Website

The Newport Group website is located at [www.newportgroup.com](http://www.newportgroup.com). By using this website, you agree to abide by the Terms and Conditions (<https://newport.group.com/Terms-of-Use>) that may from time to time be posted on the website. If you do not agree to these terms and conditions, you should not access or use the website.

## Collection of Nonpublic Personal Information on our Website

Newport Group does not collect nonpublic personal information from you as you browse this website, other than as described in this paragraph. We collect account-related information that you submit on this website, such as updated personal information provided as described above, and trade and transactional activity in your account. We may also collect information from your use of planning tools available on this website to facilitate your use of those tools, but we do not use any of this information for marketing purposes. We gather and analyze data regarding the use of this website, including domain name, pages visited, length of user session, etc., to help us stay abreast of technical upgrades that can make this website more accessible to visitors, and to record the date and time of your visit to this website.

## Cookies

We may utilize “cookies” for security purposes, to facilitate website navigation, and to personalize your experience on this website. Internet “cookies” are messages that a web server gives to your web browser in connection with your visit to a website. The message contains information, in the form of lines of text, that is then stored on your hard drive. When you click on a hyperlink, the website transmits a cookie to your browser; when you return to the page or website that transmitted the cookie, the information is transmitted back to the website’s server. We do not use cookies to store confidential or sensitive information on your computer, or to capture your email address, obtain data from your hard drive, or gain confidential or sensitive information about you.

## E-Mail Communications

If, in interacting with this website, you actively transmit to us, by electronic mail, information such as your email address, your account number, or information concerning your account, to enable you or us to perform certain services, we will retain the content of the form or email, the email address and our response. This allows us to keep a record of our contact and provide you with the product, service or information that you may have requested.

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## Website Usage Information

We may collect and use data regarding visitors' usage of this website for editorial and feedback purposes, for statistical analysis of visitors' behavior, for product development, for content improvement, and to customize the content and layout of this website. This data regarding usage of this website is maintained on an aggregated basis, without identifying information.

## Linked Websites

This website contains links to other websites and other websites may link to this one. Third parties providing services to plan participants through Newport Group's website may access via this website nonpublic personal information from Newport Group databases, but only with plan participant's prior written authorization. Linked websites may contain privacy or confidentiality provisions or security measures that differ from those provided on this website. Newport Group is not responsible for such provisions or measures, and expressly disclaims any and all liability related to such provisions.

## Mobile Applications

We may from time to time make available mobile applications ("Apps") to allow you to access your account using wireless and mobile devices. This Privacy Policy applies to any nonpublic personal or other information that we may collect through Apps.

## Questions

If you have questions regarding this Privacy Policy, please contact us at (925) 328-4540.

## Changes to Privacy Policy

Newport Group reviews this Privacy Policy periodically and may make changes or update this policy at any time and from time to time without prior notice. Any changes will be effective upon posting.

Persons who access the Newport Group website do so at their own initiative, and are responsible for compliance with applicable laws and regulations.

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**Newport Group Consulting, LLC  
Newport Group Securities, Inc.**

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Phone: 407-333-2905

**Website:** *www.newportgroup.com*

**Form ADV Part 2B  
Firm Brochure Supplement  
Fiduciary Consulting Practice  
Institutional Services**

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**March 31, 2018**

This brochure supplement provides information about supervised persons and the investment committee that supplements the Newport Group Consulting, LLC and Newport Group Securities, Inc. (collectively "Newport Group" or "the Firm") brochures. You should have received a copy of that brochure. Please contact the Firm at 407-333-2905 or [NGcompliance@newportgroup.com](mailto:NGcompliance@newportgroup.com) if you did not receive Newport Group Consulting, LLCs' brochure or if you have any questions about the contents of this supplement.

Additional information about the investment committee of Newport Group is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

# Form ADV Part 2B: Supplement – Fiduciary Consulting-Institutional Services

## Item: 2 Educational Background and Business Experience

In compliance with SEC regulations, Newport Group delivers this Form ADV Part 2B Supplement regarding the Investment Committee that provides investment advisory services to the Firm<sup>1</sup>. The investment process was developed and is implemented by the Investment Committee, not any one individual. The overall review of the investment consulting services of Newport Group lies with the Investment Committee members. The following individuals listed below include the five committee members with the most significant responsibility.

**\*Note:** *A description of the professional designations held is provided at the end of this document.*

### Investment Committee

#### Matthew E. Meyer

##### *Senior Vice President, Fiduciary Consulting Services*

Matthew leads the team providing fiduciary consulting services to Newport Group's institutional retirement plan clients. He oversees the team's development of investment policy, menu construction, asset allocation, manager selection, asset/liability management and the delivery of comprehensive investment and fiduciary reviews. He has more than 20 years of experience in the financial services industry. Prior to joining Newport Group, Matthew was a senior institutional consultant analyst with Morgan Stanley. He has also worked as an investment and trading consultant with Charles Schwab. Matthew earned his bachelor's degree in finance and his master's degree in business administration from the University of Central Florida. He has also earned the designation of Accredited Investment Fiduciary Analyst (AIFA) and holds FINRA Series 7, 9, 10, 63 and 65 registrations.

#### Robert "Ben" Baldrige, CFA, CAIA (1983)

##### *Director of Manager Research*

Ben Baldrige leads Newport Group's investment manager research team and is responsible for qualitative analysis in the firm's manager selection and monitoring processes. His responsibilities include conducting in-depth due diligence on investment managers and asset management firms to evaluate organizational strengths, investment discipline and sustainability of performance. Prior to joining Newport Group, Ben was an investment analyst with Hewitt EnnisKnupp, working in the Chicago firm's global private equity and general investment consulting departments. Ben performed investment manager research on private equity funds, primarily those following distressed debt and private lending strategies. Ben earned his bachelor's degree in

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<sup>1</sup>All Investment Committee members are employees of Newport Group Inc.

## Form ADV Part 2B: Supplement – Fiduciary Consulting-Institutional Services

finance and marketing from Millikin University in Decatur, IL. He has also earned the designations of Chartered Financial Analyst (CFA) and Chartered Alternative Investment Analyst (CAIA), is a member of the CFA Institute and CAIA Association, and a past board member of CFA Society Orlando. Ben holds FINRA® Series 7 and 63 securities registrations.

### **Julie M. Leinenbach, CFA, FSA (1967)**

#### *Director of Asset Allocation*

Julie Leinenbach is a member of Newport Group's Investment Committee and the Asset Allocation Framework Committee. She is responsible for developing and maintaining Newport Group's asset allocation framework, and implementing the framework in the form of corporate-directed asset allocation advice and risk-based model portfolio allocations for participant-directed plans. She is also responsible for evaluating investment manager performance, and the qualitative analysis of risk-based and target-date series and participant advice services. Julie has more than 20 years of experience in the financial services industry. Prior to joining Newport Group, she served as a valuation actuary focused on disability income at UnumProvident Corporation and a product development actuary for life insurance products at American General Corporation. Julie earned her bachelor's degree in applied mathematical science from Texas A&M University. She holds her Chartered Financial Analyst (CFA) designation and is a Fellow in the Society of Actuaries (FSA). She also holds FINRA Series 7 and 65 registrations.

### **Paul R. Moehle, CFA (1959)**

#### *Senior Investment Consultant*

Paul Moehle is responsible for providing investment consulting services to Newport Group's institutional retirement plan clients. He works with plan sponsors on the development of investment policy, menu construction, asset allocation, manager selection, asset/liability management and the delivery of comprehensive investment and fiduciary reviews. Paul has more than 25 years of investment experience. He spent 20 years with Towers Perrin providing investment consulting services to Fortune 1000 companies, directing investment policy and allocation and conducting defined contribution plan investment structure studies. He played a key role in the development of the firm's approach to liability driven investment (LDI) strategies. Prior to starting his investment consulting career, Paul worked as a computer and electrical engineer at McDonnell Douglas Astronautics Company. Paul earned bachelor's degrees in each electrical and computer engineering, as well as a master's degree in business administration, from the University of Missouri in Columbia. Paul also earned his Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute. He holds FINRA® Series 6 and 65 registrations.

### **Steve L. Williams, CFA (1980)**

#### *Director, Investment Operations*

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Steve Williams directs Newport Group's investment operations team and is responsible for investment analytics, data management and system development. Steve has more than 14 years of investment experience, and has held a number of roles with Newport Group's Investment Consulting practice. Most recently, Steve served as a Senior Investment Research Analyst on Newport Group's investment manager research team. He earned his bachelor's degree in finance from the University of Central Florida. Steve holds the Chartered Financial Analyst (CFA) designation and FINRA® Series 7 and 66 registrations. He is a member of the CFA Institute and CFA Society of Orlando.

### Chip Harkins

#### *Vice President, Fiduciary Consulting Services*

Chip Harkins has more than 25 years of experience providing retirement plan consulting and fiduciary consulting services to corporate retirement plan sponsors. His expertise encompasses retirement plans of all types—401(k), profit sharing, defined benefit pension, ESOP, and non-qualified executive retirement plans. At Newport Group, Chip works with plan committees to manage non-investment related responsibilities and develop fiduciary governance procedures. Additionally, Chip conducts qualified retirement plan evaluations, analyzes 401(k) provider platforms, conducts 401(k) vendor searches, and provides merger and acquisition consulting services. He assists companies with a wide range of special projects, including plan design, assessments of employee communication materials, plan expense analysis, and vendor management services. Prior to joining Newport Group, Chip was a senior officer and principal for two retirement plan consulting firms, where he was responsible for client consulting, as well as the operation of participant recordkeeping, plan administration, investment advisory, and employee communication services. Chip is a member of Plan Sponsor Council of America (PSCA) and has completed advanced programs through the American Society of Pension Professionals & Actuaries (ASPPA). He is also active in the Defined Contribution Institutional Investment Association (DCIIA). He holds FINRA Series 6, 7 and 63 registrations.

### Item 3: Disciplinary History

Registered investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item.

### Item 4: Other Business Activities

Registered investment advisers are required to disclose all material facts regarding any other business activities that would be material to your evaluation of each supervised person providing investment advice. Supervised persons and members of the investment committee may be registered as a registered representative and investment



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adviser representative with Newport Group Securities, Inc., a dually registered investment adviser and broker-dealer. They do not receive any commissions, bonuses, or other compensation based on the sale of securities or investment products.

## Item 5: Additional Compensation

Registered investment advisers are required to disclose any material facts about additional compensation that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

## Item 6: Supervision

Each supervised person is a member of the investment committee. NGC has developed policies and procedures to guide the supervision of all supervised persons of the firm and the business of the firm. The person responsible for supervision of the firm is Matthew Meyer. Mr. Meyer's contact information is 407-333-2905 or [matthew.meyer@newportgroup.com](mailto:matthew.meyer@newportgroup.com).

## Item: 7

Not applicable

## Summary of Professional Designations

This Summary of Professional Designations is provided to assist you in evaluating the professional designations and minimum requirements of the Adviser's investment committee members that hold these professional designations.

The Financial Industry and Regulatory Authority ("FINRA") also provides helpful information, titled "Understanding Professional Designations" which may be found at the following website: <http://apps.finra.org/DataDirectory/1/prodesignations.aspx>.

## Chartered Financial Analyst

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals.

To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually



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reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

## High Ethical Standards:

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

## Global Recognition:

Passing the three CFA exams is a difficult feat that requires extensive study (*successful candidates report spending an average of 300 hours of study per level*). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 19 countries recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

## Comprehensive and Current Knowledge:

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA charter, visit [www.cfainstitute.org](http://www.cfainstitute.org).

## Chartered Financial Consultant® (ChFC®)

The ChFC® designation has been a mark of excellence for almost thirty years and currently requires nine college level courses. Average study time to earn the ChFC®

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exceeds 450 hours. Required courses cover extensive education and application training in financial planning, income taxation, investments, and estate and retirement planning. Additional electives are chosen from such topics as macroeconomics, financial decisions for retirement, and executive compensation. ChFC® designees must meet experience requirements, complete at least 30 hours of continuing education every two years and maintain ethical standards. The credential is awarded by The American College, a non-profit educator with an 84 year heritage and a high level of academic accreditation.

### **Chartered Life Underwriter® (CLU®)**

For 84 years the CLU® has been the respected risk management credential for advisors. Designees have completed eight or more college level courses representing an average study time of 400 hours. Topics for required courses include insurance and financial planning, life insurance law, estate planning, and planning for business owners and professionals. Elective courses include such advanced topics as income taxes, group benefits, retirement planning, and health insurance. CLU® designees must meet experience and continuing education requirements and must adhere to a high ethical standard. The mark is awarded by The American College, a non-profit educator with the top level of academic accreditation.

### **Accredited Investment Fiduciary Analyst® (AIFA®)**

The AIFA designation certifies that the recipient has advanced knowledge of fiduciary standards of care, their application to the investment management process, and procedures for assessing conformance by third parties to fiduciary standards. To be eligible to receive the AIFA designation, individuals must have already completed the AIF training program and passed the AIF exam and meet a minimum prerequisite score based on the candidate's educational background and professional training and experience in investing, financial services and auditing. To receive the AIFA designation, individuals must complete a training program, successfully pass a comprehensive, closed book final examination under the supervision of a proctor and agree to abide by the AIFA Code of Ethics. In order to maintain the AIFA designation, the individual must annually renew their affirmation of the AIFA Code of Ethics and complete ten hours of continuing education credits. The certification is administered by the Center for Fiduciary Studies, LLC (*a Fiduciary360 (fi360) company*).

### **Chartered Alternative Investment Analyst (CAIA)**

The CAIA designation, recognized globally, is administered by the Chartered Alternative Investment Analyst Association and requires a comprehensive understanding of core and advanced concepts regarding alternative investments, structures, and ethical

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obligations. To qualify for the CAIA designation, finance professionals must complete a self-directed, comprehensive course of study on risk–return attributes of institutional quality alternative assets; pass both the Level I and Level II CAIA examinations at proctored testing centers; attest annually to the terms of the Member Agreement; and hold a bachelor's degree (*or equivalent*) plus have at least one year of professional experience or have four years of professional experience. Professional experience includes full–time employment in a professional capacity within the regulatory, banking, financial, or related fields. Once a qualified candidate completes the CAIA program, he or she may apply for CAIA membership and the right to use the CAIA designation, providing an opportunity to access ongoing educational opportunities.

### The Society of Actuaries

The Society of Actuaries is an education, research, and professional membership organization. Achieving Fellowship or Associateship status is based primarily on completing specified educational requirements, with no requirement related to a certain number of years of practical actuarial experience. The **FSA** and **ASA** designations and **CERA** credential signify completion of the following educational achievements:

- **Chartered Enterprise Risk Analyst:** A Chartered Enterprise Risk Analyst (**CERA**) of the Society of Actuaries has demonstrated knowledge in the identification, measurement and management of risk within risk–bearing enterprises. The CERA has also completed a professionalism course covering the professional code of conduct and the importance of adherence to recognized standards of practice. CERAs who have the Application for Admission as an Associate approved by the SOA Board of Directors will be granted membership as an Associate.
- **Associate:** An Associate of the Society of Actuaries has demonstrated knowledge of the fundamental concepts and techniques for modeling and managing risk. The Associate has also learned the basic methods of applying those concepts and techniques to common problems involving uncertain future events, especially those with financial implications. The Associate has also completed a professionalism course covering the professional code of conduct and the importance of adherence to recognized standards of practice. Associates who have been members of the SOA for five or more years may also vote in Society of Actuaries elections.
- **Fellow:** Has demonstrated a knowledge of the business environments within which financial decisions concerning pensions, life insurance, health insurance, and investments are made including the application of mathematical concepts and other techniques to the various areas of actuarial practice. The Fellow has further demonstrated an in–depth knowledge of the application of appropriate techniques to a specific area of actuarial practice. Fellows may vote in Society of Actuaries elections.