



## Newport Wealth Strategies, Inc

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### **FORM ADV PART 2A. BROCHURE Item 1. Cover Page**

This brochure provides information about the qualifications and business practices of Newport Wealth Strategies, Inc. If you have any questions about the contents of this brochure, please contact Darin Simonian by telephone at (949) 484-4700. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Newport Wealth Strategies, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Newport Wealth Strategies, Inc. is 159376.

Newport Wealth Strategies, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## ***Item 2. Material Changes***

Newport Wealth Strategies, Inc. is required to advise you of any material changes to our Firm Brochure (“Brochure”) from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure.

Since our last annual amendment filing, we have the following material changes to disclose:

- We now have Investment Adviser Representatives who provide tax and accounting advice through an unaffiliated entity.
- Representatives of our firm are no longer licensed insurance agents.
- We have added disclosure language specific to our use of margin in client accounts.

### ***Item 3. Table of Contents***

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## ***Item 4. Advisory Business***

Newport Wealth Strategies, Inc.'s registration was granted by the U.S. Securities and Exchange Commission in December 2011. The firm is solely owned by Darin A. Simonian (CRD Number 2214836). The firm is not publicly owned or traded.

Newport Wealth Strategies, Inc. ("the Adviser") provides asset management services consistent with clients' financial and tax status, in addition to their risk profile and return objectives.

### ***Asset Management***

As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), mutual funds and other public securities or investments. The client's individual investment strategy is tailored to their specific objectives and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined and discussed with the client, we review the portfolio as necessary with the client, and rebalance the portfolio based upon the client's individual needs, stated goals and objectives.

We offer individualized investment advice to clients and recognize that each client and client situation is unique. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

We emphasize continuous and regular account supervision consistent with a fiduciary standard.

We do not offer wrap fee programs.

As of December 31, 2020, the firm manages approximately \$341,980,243 under the "Fee Based Asset Management Program" discussed below. This is comprised of \$303,757,892 on a discretionary basis and \$38,222,351 on a non-discretionary basis.

## ***Item 5. Fees and Compensation***

### ***Fee Based Asset Management***

Under our "Fee Based Asset Management Program", the only compensation we receive is from our clients. We do not share in any mutual fund service fees or share fees charged by an independent third party Custodian. There will be complete objectivity in selecting the underlying investments with no conflicts of interest due to participation in trading commissions or mutual fund service fees. At any time, a client or prospective client may request information about how the advisor is being compensated.

We will initially review with the client their financial objectives and then formulate a portfolio consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, no-load or load-waived mutual funds and other public securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least annually and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

Client's advisory fees ("Asset-Based Fees") are billed quarterly based on the value of your account on the last day of the previous quarter and are payable in advance. Asset-Based Fees may be automatically deducted from managed accounts and/or invoiced separately upon request. Billing adjustments for significant deposits or withdrawals may be made. A negotiated flat rate may be applied in certain circumstances. Please contact our firm for more information.

ERISA Regulation Section 2550.408b-2(c) requires that we disclose our direct and indirect compensation for advisory services provided for ERISA plans for which we act as a fiduciary within the meaning of Section 3(21)(A) of ERISA. We never receive indirect compensation for these services and only charge the agreed upon amount specified in the advisory agreement executed by the client. Newport Wealth Strategies, Inc. does not provide record keeping services or charge for such services. The qualified custodian sends monthly statements of holdings and fees.

**Fees are negotiable and will not be greater than 1.00% annually whether or not a fee schedule is negotiated.**

Clients may incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm/custodian trades are executed through. Neither Schwab nor TD Ameritrade charge transaction fees for U.S. listed equities and exchange traded funds.

Also, clients will pay the following separately incurred expenses, of which we do not receive any part: charges imposed directly by a custodian, mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

In the event that you wish to terminate our services, we will refund the unearned portion of the advisory fee upon written correspondence stating your intent to terminate our services in accordance with the Investment Management Agreement.

The Adviser does not permit insider trading and has implemented procedures to ensure that its policy regarding insider trading is being observed by investment advisor representatives and all employees of the firm.

#### *Non Fee Based Asset Products and Services*

The Adviser and its associated persons do not sell securities for a commission in advisory accounts.

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

None. No fees are based upon capital gains or capital appreciation of assets.

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

Individuals, IRAs, Roth IRAs, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

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

Newport Wealth Strategies, Inc. uses various aspects of investment analysis to determine the investments and allocations. These methods include fundamental, technical, and charting analysis. Investing in securities involves risk of loss that investors should be prepared to bear.

While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock and bond markets, and that your account is appropriately diversified. While we attempt to diversify each portfolio to help reduce volatility or risk, certain periods of extreme duress may cause most assets to fall such as in 1929, 2000, or 2008. Certain investments may pose a greater risk due to the use of leverage which magnifies gains and losses. A specific example may be a closed end fund or a hedge fund.

We may also utilize interval funds in client accounts. These funds have increased liquidity risk due to the fact that the shares are only redeemable at pre-determined intervals. These intervals also have pre-allotted redemption quotas which may further extend the amount of time to liquidation for clients wishing to sell during periods of rapid redemptions (sometimes years into the future). This can further increase the risk of wide price fluctuations as market information over an extended period of time is condensed into a single tradeable event.

Our firm may purchase securities for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash and allows us to purchase securities without selling other holdings. Margin accounts and transactions are risky and not necessarily appropriate for every client. It should be noted that our firm bills advisory fees on securities purchased on margin which creates a financial incentive for us to utilize margin in client accounts.

The potential risks associated with these transactions are (1) You can lose more funds than are deposited into the margin account; (2) the forced sale of securities or other assets in your account; (3) the sale of securities or other assets without contacting you; (4) you may not be entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call; and (5) custodians charge interest on margin balances which will reduce your returns over time.

Client's cash balances are generally invested in money market funds and FDIC Insured Certificates of Deposit. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services.

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

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

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

Representatives of our firm are dually registered as Investment Adviser Representatives of Alpha Cubed Investments, LLC (CRD# 159347) which is a Registered Investment Adviser. As a result, these representatives may receive normal and customary fees. These representatives will not solicit Newport Wealth Strategies clients to engage with Alpha Cubed Investments unless specifically requested by the client. It is our fiduciary duty to make every effort to put our client's best interest before our own and to comply with our firm's Code of Ethics.

Spencer Reitz is a Certified Public Accountant with Reitz & Company. In such capacity, he may also provide income tax preparation or accounting services. These services are independent of our firm's financial planning and investment advisory services and are governed under a separate engagement agreement. Clients have the option of engaging our representative for tax preparation or accounting services, however, they are under no obligation to do so.

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

The firm has adopted a written Code of Ethics in compliance with SEC Rule 204A-1. The code sets forth standards of conduct and requires compliance with federal securities laws. Our code also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to the Chief Compliance Officer of the firm. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Associated persons may own an interest in or buy or sell for their accounts the same securities, which may be purchased or sold in the accounts of advisory clients. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored. Associated persons are aware of the rules regarding material non-public information and insider trading. Associated persons may also buy or sell specific securities for their accounts based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for clients.

## ***Item 12. Brokerage Practices***

As mentioned in section 4 and 5 of this document the primary objective focus of Newport Wealth Strategies, Inc. is to provide “Fee Based Asset Management” to clients with no conflict of interest that follows a fiduciary standard with no directed brokerage commissions. Within our “Fee Based Asset Management” program, we receive no commissions and do not share in any transaction or trading fees or mutual fund trails.

Factors that Newport Wealth Strategies, Inc., considers in recommending a custodian include historical financial strength, reputation, execution capabilities, pricing, research, and service. Although the transaction fees and/or commissions paid by clients shall comply with our duty to obtain best execution, a client may incur expenses that are higher than another qualified broker-dealer might charge to effect the same transaction where, in good faith, it is determined that the expenses incurred are reasonable in relation to the value of the overall brokerage and research services received. In seeking best execution, the determinative factor is not always the lowest possible cost, but rather, whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, cost, and responsiveness. The fees charged by the designated custodian are exclusive of, and in addition to, the investment management fee. Clients should be informed that both Schwab and TD Ameritrade have eliminated transaction fees on U.S. listed equities and exchange traded funds.

The custodian may provide additional services and benefits that are value additive to its advisor clients (like Newport Wealth Strategies, Inc.) as well as investors/clients. For example, they provide research and access to a large amount of institutional investments and asset managers. They also provide services to help advisors manage or administer client accounts, or to help manage and grow our business. Newport Wealth Strategies, Inc., is generally required to maintain a minimum amount of assets under management in order to receive these services on a complimentary manner. For example, Schwab Advisory Services requires \$10,000,000 of client assets. Newport Wealth Strategies, Inc. is well above these minimums with each custodian that we recommend (TD Ameritrade and Charles Schwab) and as a result, we do not believe this creates any type of conflict of interest with regards to which custodian may be best for a client.

A custodian may also, at their discretion, offer a discount or waive fees that would otherwise be payable by Newport Wealth Strategies, Inc., to third party vendors for software and/or other services. A custodian may also provide Newport Wealth Strategies, Inc., and related personnel with other

benefits such as occasional business entertainment events. Other than the minimum assets at the custodian mentioned above, these benefits are not based on any particular amount of trades, revenue or any other expectation. The custodian provides value additive services in order to retain advisors as clients, much the same as other business look to provide value to its clients. Newport Wealth Strategies, Inc. is under no obligation and receives no other incentives or soft dollars to recommend any custodian over another. Custodian decisions are made solely with the clients' best interest in mind, using the factors described earlier in this section.

In certain instances, we may determine that it would be in the client's best interest to direct the clients' trades to an outside broker. When directing trades to these outside brokers, we NEVER receive payouts on mark-ups for such trades in advisory accounts.

Through our custodial relationships, we can use third party broker services. This allows us to place trades with other broker/dealers without the need to have individual accounts with the other broker/dealers. This service allows greater flexibility to access more fixed income products and the ability to access newly issued bonds. All assets will be kept in the client's custodial account. We select other broker/dealers based on the quality of research, services, products offered, execution, and commission structures. We have not entered into any formal soft-dollar arrangements nor do we receive any referrals or commissions on these transactions.

We participate in prime brokerage services provided by these firms and may include fixed income, equity and other securities trades. As the introducing broker-dealer, these firms shall transmit orders to our custodians for the execution of trades pursuant to Prime Brokerage Services with each. Each custodian will clear our prime brokerage transactions in an account established in the name of the firm and designated for our client account holders to the account allocation established at our master account at each custodian.

Pursuant to the Prime Brokerage Services Agreement with each custodian, we will transmit to each custodian all the details of each prime brokerage transaction to be cleared by each custodian for our account, including, but not limited to, the contract amount, the security involved, the number of shares or number of units, and whether the transaction was a long or short sale or a purchase.

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

Newport Wealth Strategies, Inc. Investment Advisor Representatives perform reviews of all Fee Based Asset Management clients' accounts no less than annually. Accounts are reviewed for consistency with the investment strategy and performance among other things. Reviews may be triggered by changes in an account holder's personal, tax, or financial status. Macroeconomic and company specific events may also trigger reviews. There is currently no limit on the number of accounts that can be reviewed by Investment Advisor Representatives.

Brokerage statements are generated no less than quarterly. These statements are sent directly from the account custodian. The statements list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived.

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

Other compensation items are disclosed in #12.

We no longer pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4) -3 of the Investment Advisers Act of 1940.



### ***Item 15. Custody***

Custody is limited to Advisor's ability to debit investment management fees from client accounts and use of Standing Letters of Authorization. Client must authorize, in advance, that fees may be paid in this manner. Client receives statements at least quarterly from the qualified custodian that holds and maintains client's investment assets which details all transactions, including any fees that were debited.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

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

Clients may sign a discretionary investment advisory agreement or a non-discretionary advisory agreement with our firm for the management of their account. These agreements only apply to asset management clients.

### ***Item 17. Voting Client Securities***

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. Clients may call, write or email us to discuss questions they may have about particular proxy vote or other solicitation.

### ***Item 18. Financial Information***

No financial reporting is necessary as the firm does not require payment of fees more than six months in advance and has never filed a petition in bankruptcy and is not in a precarious financial position.