

**Item 1: Cover Page**



## **NEWPORT CAPITAL GROUP**

**Form ADV Part 2A**

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Chief Compliance Officer

March 30, 2022

**This Brochure provides information about the qualifications and business practices of Newport Capital Group, LLC (“Newport Capital Group”). If you have any questions about the contents of this Brochure, please contact us at (732) 741-8400 or [mbennett@newportcapitalgroup.com](mailto:mbennett@newportcapitalgroup.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

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

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

**Item 2:       Material Changes**

Below is a summary of material changes since Newport Capital Group's last Annual Amendment to Form ADV Part 2A filed on March 30, 2021.

1. Item 8 Methods of Analysis, Investment Strategies and Risk of Loss was amended to disclose that NCG engages in tax loss harvesting for non-qualified accounts.

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#### **Item 4:           Advisory Business**

Newport Capital Group, LLC (“Newport Capital Group”) is an independent, full-service investment advisory firm that provides investment advisory services to a wide range of clients, including individuals, high net worth individuals, pensions and other institutional investors. Domenic DiPiero, the Firm’s only principal, formed the Firm in New Jersey in May 2004, which then became registered as an investment adviser in January 2008. Newport Capital Group offers a variety of services that are tailored to each client:

##### **Institutions**

###### *Pension Consulting*

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

###### *Asset Management - Institutions*

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

##### **Individuals**

###### *Financial Planning*

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

such services. Other clients may engage Newport Capital Group to provide financial planning services on a stand-alone basis.

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

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

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

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

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

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

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

#### *Asset Management - Individuals*

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

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

#### **Newport Holdings, L.P.**

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

The terms and conditions for participation in Newport Holdings are set forth in the Newport Holdings offering documents (which includes disclosures of fees-including fees payable to the General Partner- conflicts of interest, suitability requirements, risk factors, and liquidity constraints), which each prospective investor shall receive, and shall be required to complete and submit the corresponding Subscription Agreement to the General Partner in order to demonstrate qualification for investment in Newport Holdings.

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

As of December 31, 2021, Newport Capital Group had a total of \$269,478,705 in discretionary assets under management and \$5,019,705 in non-discretionary assets under management. As of December 31, 2021, also provided ongoing consulting services on assets owned by participant

directed, defined benefit, and defined contribution retirement plans of approximately \$16,295,837,565.

## **Item 5: Fees and Compensation**

### **A. Fees Charged**

#### *Pension Consulting*

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

#### *Financial Planning*

Newport Capital Group's financial planning and consulting fees are negotiable, but generally range from \$1,000 to \$25,000 on a fixed fee basis, and from \$200 (minimum) to \$2,000 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

#### *Asset Management*

All asset management clients will be required to execute an Investment Management Agreement that will describe the type of management services to be provided and the fees, among other items. Newport Capital Group's tiered annual investment advisory fee shall be based upon a percentage (%) of the market value placed under Newport Capital Group's management. The schedule for new clients will be the greater of \$25,000 per annum, or:

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

Clients with smaller account balances who are charged the minimum annual fee may pay a significantly higher fee than the tiered percentage outlined above. Clients may receive similar services at higher or lower rates than those for Newport Capital Group. Newport Capital Group may negotiate fees at its discretion. Smaller accounts subject to the minimum annual fee may pay fees that based on a percentage of assets, may exceed 1.50%.

#### *Newport Holdings, L.P.*

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

## B. Fee Payment

### *Pension Consulting*

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

### *Financial Planning*

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

### *Asset Management*

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

## C. Other Fees

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

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

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

## D. Pro-Rata Fees

All investment advisory agreements, whether for pension consulting, financial planning or asset management services, may be terminated by written notice by the client, and any unearned fees will be returned to the client. However, clients should be advised that a large portion of work related to a pension consulting or financial planning engagement is done in the early stages, and



accordingly the return of unearned fees may not correlate directly to the amount of time during which the engagement was active. Because asset management services are charged on a per-day basis, fees will be pro-rated according to the number of days in the billing period the client was a client and unearned fees remitted to the client. Newport Capital Group will cease to perform services, including processing trades and distributions, upon termination. Assets not transferred from terminated accounts within thirty (30) days of termination may be “de-linked”, meaning they will no longer be visible to Newport Capital Group and will become a retail account with the custodian.

#### E. Compensation for the Sale of Securities

##### *NCG Securities, LLC*

To permit Newport Capital Group clients to have access to as many investment solutions as possible, certain professionals of Newport Capital Group are registered representatives of NCG Securities, LLC (“NCG”), an SEC registered and FINRA member broker-dealer. Both NCG and Newport Capital Group are owned by Domenic DiPiero. The existence of NCG and the registered representative status of certain Newport Capital Group professionals allows these professionals to provide additional products to clients’ portfolios that might not otherwise be available or might not otherwise be available for the same costs. This relationship may also create certain conflicts of interest that are discussed further in this brochure. Because Newport Capital Group and NCG share common ownership, the relationship between the two is deemed material. NCG and its registered representatives will receive customary transaction charges for the sales of variable annuity products to non-qualified and pension plans, including those such representatives recommend to clients. The transaction charges charged by NCG may be higher or lower than those charged by other broker-dealers. Transaction charges charged for these products will not offset fees owed to Newport Capital Group, including transaction charges related to the purchase of interests in Newport Holdings L.P.

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

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

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

### *Performance Based Fees*

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

### *Side By Side Management*

Certain individuals associated with Newport Capital Group are also affiliated with and perform services for the General Partner. This presents a conflict of interest in that the same professionals are responsible for both clients with traditional non-performance fees and performance fee clients, which creates an incentive for such persons to favor the client (in this case, Newport Holdings) which has a performance fee arrangement. Newport Capital Group attempts to mitigate this conflict by requiring that: (i) all investment recommendations to any client have a sound basis for the recommendation; and (ii) employees of Newport Capital Group understand and acknowledge their fiduciary responsibility toward each client.

## **Item 7: Types of Clients**

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

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

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

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

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

### **A. Separately Managed Accounts**

Each client’s portfolio will be invested according to that client’s investment objectives. We determine these objectives by interviewing the client and/or asking the client to put these objectives in writing. Once we ascertain your objectives for each account, we will develop a set of asset allocation guidelines. An asset allocation strategy is a percentage-based allocation to different asset classes. For example, a client may have an asset allocation strategy that calls for 40-60% of the

portfolio to be invested in equities, 30-40% invested in fixed income and the rest in cash. Another client may have an asset allocation of 50-60% in bonds, and the remainder in equities. The percentages in each type that we recommend are based on the typical behavior of that asset class, individual mutual funds we follow, current market conditions, the client's current financial situation and investment objectives, financial goals, and the timeline required to achieve those goals.

Because Newport Capital Group develops an investment strategy based on each client's personal situation and financial goals, one client's asset allocation guidelines may be similar to or different from another clients. Client's placed in the same or similar asset allocation percentage as other client's may have their securities traded simultaneously, depending on each instance, which may allow for operational efficiencies not available if client securities were traded individually. If the securities are not traded simultaneously, some accounts may be modified before others. This may result in accounts being traded earlier inadvertently have a price differential from accounts traded later.

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

The specific securities recommend for an account will depend on market conditions and our research at the time. Generally, we recommend that client accounts be invested in mutual funds, which allow us to meet asset allocations that call for any mix of equities and bonds in a variety of geographic sectors, market capitalizations, or industries. Specific mutual funds are chosen based on where its investment objectives fit into the asset allocation recommended by Newport Capital Group, its risk parameters, past performance, peer rankings, fees, expenses, and any other aspects of the fund Newport Capital Group deems relevant to that particular fund. Newport Capital Group bases its conclusions on publicly available research, such as regulatory filings, press releases, purchased research, and proprietary metrics and analytics. Newport Capital Group will also utilize ETFs where appropriate. Newport Capital Group also recommends the services of third-party managers, which includes private placements.

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

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

For taxable accounts, Newport Capital Group engages in tax loss harvesting on a periodic basis. Tax loss harvesting is a strategy designed to help lower your taxes while maintaining the excepted risk profile and asset allocation of your portfolio. In tax loss harvesting, unrecognized investment losses are sold to offset taxes due on capital gains by selling a security at a loss and investing the proceeds in a security with a closely correlated risk and return characteristics. Clients should consult with their personal tax advisor regarding the tax consequences engaging in the tax-loss harvesting strategy, based on their particular circumstances.

Additionally, part of the Newport Capital Group process includes, where appropriate, involving multiple generations of family members in order to facilitate longer-term family financial planning. This can increase the financial education of the later generations and manage expectations. However, potential for conflicts of interest exist with the exchange of intergenerational information. Newport Capital Group attempts to minimize these conflicts by treating each household as its own fiduciary relationship. Information can only be shared across generations with each household's consent.

### *Third Party Managers*

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

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

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

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

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

## B. Pooled Investments

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

## C. Risk of Loss

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

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down for unforeseen or no reason and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country's currency, the changes in the value or exchange rate of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that Newport Capital Group may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. Newport Capital Group endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of an unsteady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.

- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to have a very minimal default risk.
- **Short Sales.** “Short sales” are a way to implement a trade in a security Newport Capital Group feels is overvalued. In a “long” trade, the investor is hoping the security increases in price. Thus, in a long trade, the amount of the investor’s loss (without margin) is the amount paid for the security minus the amount for which the security is sold. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Therefore, with a short sale, the potential for loss is potentially unlimited and unknown, where the potential for loss in a long trade is limited and knowable. Newport Capital Group utilizes short sales only when the client’s risk tolerance permits.
- **Information Risk:** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- **Tax-Loss Harvesting Risk:** Clients and their personal tax advisors are responsible for how the transactions in the client’s account are reported to the Internal Revenue Service or any other taxing authority. Newport Capital Group assumes no responsibility to you for the tax consequences of any transaction, including any capital gains and/or wash sales that may result from the tax-loss harvesting strategy. Newport Capital Group’s tax-loss harvesting strategy is not intended as tax advice, and Newport Capital does not represent in any manner that the tax consequences described will be obtained or that Newport Capital Group’s investment strategy will result in any particular tax consequence. The performance of the new securities purchased through for tax-loss harvesting purposes may have different expenses, returns, volatility and other characteristics relative to the securities that are sold for tax-loss harvesting purposes. The effectiveness of the tax-loss harvesting strategy to reduce tax liability will depend on the client’s entire tax and investment profile, including purchases and dispositions in accounts (e.g., client’s or client’s spouse’s) outside of Newport Capital Group and type of investments (e.g., taxable or nontaxable) or holding period (e.g., short-term or long-term) Newport Capital Group only monitors for accounts managed by Newport Capital Group. Clients are responsible for monitoring their and their spouse’s accounts managed by other investment advisers to ensure that transactions in the same security or a substantially similar security does not create a “wash sale.” A wash sale is the sale at a loss and purchase of the same security or substantially similar security within 30 days of each other. If a wash sale transaction occurs, IRS may disallow or defer the loss for current tax reporting purposes. More specifically, the wash sale period for any sale at a loss consists of 61 calendar days: the day of the sale, the 30 days before the sale, and the 30 days after the sale. The wash sale rule postpones losses on a sale, if replacement shares are bought around the same time. Newport Capital Group may lack visibility to certain wash sales, should they occur as a result of external accounts, and therefore Newport Capital may not be able to affect whether a loss is successfully harvested and, if so, whether that loss is usable by the client in the most efficient manner.
- **Transition Risk.** As assets are transitioned from a client’s prior advisers to Newport Capital Group there may be securities and other investments that do not fit within the asset

allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by Newport Capital Group. However, this transition process may take some time to accomplish. Some investments may not be immediately unwound for a variety of reasons that may include low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of Newport Capital Group may adversely affect the client's account values, as Newport Capital Group's recommendations may not be able to be fully implemented.

- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.
- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.
- **REITs:** Newport Capital Group may recommend that significant portions of client portfolios be allocated to real estate investment trusts, otherwise known as "REITs". A REIT is an entity, typically a trust or corporation that accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in real estate as compared to investing in real estate directly, REITs also have some increased risks as compared to more traditional investments such as stocks, bonds, and mutual funds. First, real estate investing can be highly volatile. Second, the specific REIT chosen may have a focus such as commercial real estate or real estate situated in a given location. Such investment focus can be beneficial if the properties are successful but lose significant principal if the properties are not successful. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT is highly dependent upon the manager of the REIT as well as other factors. Clients should ensure they understand the role of the REIT in their portfolio.
- **MLPs:** Newport Capital Group may recommend that significant portions of client portfolios be allocated to master limited partnerships, otherwise known as "MLPs". An MLP is a publicly traded entity that is designed to provide tax benefits for the investor. In order to preserve these benefits, the MLP must derive most, if not all, of its income from real estate, natural resources and commodities. While MLPs may add diversification and tax favored treatment to a client's portfolio, they also carry significant risks beyond more traditional investments such as stocks, bonds and mutual funds. One such risk is management risk-the success of the MLP is dependent upon the manager's experience and judgment in selecting investments for the MLP. Another risk is the governance structure, which means the rules under which the entity is run. The investors are the limited partners of the MLP, with an affiliate of the manager typically the general partner. This means the manager has all of the control in running the entity, as opposed to an equity investment where shareholders vote on such matters as board composition. There is also a significant amount

of risk with the underlying real estate, resources or commodities investments. Clients should ask Newport Capital Group any questions to understand the role of MLPs in their portfolio.

- **International Investing:** Investing outside of the United States, especially in emerging markets, can have special or enhanced risks. The most obvious are political risk (changes in local politics can have a vast impact on the markets in that country as well as regulations affecting given issuers) and currency risk (changes in exchange rates between the US dollar and the local currency can materially affect the value of the security even if the underlying fundamentals and market price are stagnant). There are other risks, including enhanced liquidity risk, meaning that while domestic equities and mutual funds are generally easily liquidated (though there may be a risk of loss due to the timing of the sale), equities in other jurisdictions may be subject to the circumstances of lower overall market volume and fewer companies on an emerging exchange. In addition, there may be less information and less transparency in a foreign market or from a foreign company. Foreign markets impose different rules than domestic markets, which may not be to an investor's advantage. Also, companies in foreign jurisdictions are generally able to avail themselves of local laws and venues, meaning that legal remedies for U.S. investors may not be as easily obtained as in the U.S.

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

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

- **Cybersecurity Risk:** Although Newport Capital Group has taken measures to decrease the risks associated with a cybersecurity event, the computer systems, networks and devices used by Newport Capital Group and its service providers potentially can be breached. A client and investor could be negatively impacted as a result of a cybersecurity breach. A cybersecurity



breach could result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information of clients and investors. A cybersecurity breach may also cause disruptions and impact business operations potentially resulting in a financial loss to a client or investor.

**Item 9: Disciplinary Information**

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

**Item 10: Other Financial Industry Activities and Affiliations**

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

Mr. DiPiero also sits on the Board of Director for Zipz, Inc and FGI Worldwide. Some clients of Newport Capital Group hold investments in Zipz, Inc and FGI Worldwide. While Mr. DiPiero does not receive financial compensation for serving in such capacity, he may receive non-financial and ancillary benefits such as gifts, entertainment and other items of value. Serving in such a capacity or receiving gifts, entertainment, or other items of value, causes a potential conflict of interest. Further, NCG served as a placement agent for FGI Worldwide and received shares in FGI Worldwide as compensation. This arrangement was disclosed in the offering memorandum for FGI Worldwide. Newport Capital Group attempts to mitigate this conflict by requiring that: (i) all investment recommendations to any client have a sound basis for the recommendation; and (ii) employees of Newport Capital Group understand and acknowledge their fiduciary responsibility toward each client. Further, Newport Capital Group only invests clients in private funds on a non-discretionary basis.

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

C. Newport Capital Group has three industry affiliations:

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

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

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

*Sponsor or syndicator of limited partnerships:* Newport Holdings, LLC serves at the general partner to the Newport Holdings, L.P, which is under common ownership with Newport Capital Group. As discussed in Item 6, Newport Holdings LLC, is entitled to receive carried interest calculated based on the profits generated on the sale/disposition of the Newport Holdings, L.P's assets. This arrangement presents a material conflict of interest which is more fully disclosed in Item 6.Item

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

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

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

B. Newport Capital Group has historically recommended on a non-discretionary basis investments Newport Holdings, LP for clients. A related person of Newport Capital Group owns Newport Holdings, LLC which has a material financial interest in Newport Holdings, LP. This arrangement created an incentive to recommend that clients invest in Newport Holdings, LP. Newport Capital Group has policies and procedures to ensure that all investment recommendation are appropriate given the investment objectives and financial condition of its clients.

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

D. Newport Capital Group and/or Representatives of Newport Capital Group may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice

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

## **Item 12: Brokerage Practices**

A. Newport Capital Group recommends that investment accounts be held in custody by TD Ameritrade Institutional, a division of TD Ameritrade, member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers enhanced services to independent investment advisors. These services include custody of securities, trade execution platforms, clearance and settlement of transactions, and access to research not available to the general public. TD Ameritrade is wholly independent from Newport Capital Group. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

Newport Capital Group recommends TD Ameritrade to its clients based on a variety of factors. These include but are not limited to costs. TD Ameritrade has what can be considered "discounted commission rates", which means that their commission structure is generally lower than that of a full-service brokerage. However, in choosing a broker-dealer or custodian to recommend, we are most concerned with the value the client receives for the cost paid, not solely the cost. TD Ameritrade adds value beyond commission cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, research and service. TD Ameritrade also has arrangements with many mutual funds that enable us to purchase these mutual funds for client accounts at reduced transaction charges (as opposed to other broker-dealers). Newport Capital Group re-evaluates the use of TD Ameritrade at least annually to determine if they are still the best value for our clients.

Newport Capital Group participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Newport Capital Group receives some benefits from TD Ameritrade through its participation in the Program. Please see the disclosure under Item 14, below.

We do not consider whether TD Ameritrade or any other broker-dealer/custodian, refers clients to Newport Capital Group as part of our evaluation of these broker-dealers.

Newport Capital Group uses brokerage services of TD Ameritrade. Not all investment advisers require their clients to use the brokerage and clearing services a specific firm. The commissions and transaction fees charged by TD Ameritrade may be higher (or lower) than what other broker-dealers charge and this practice could cost clients more money. Further, in using only TD Ameritrade, Newport Capital Group could be unable to achieve the most favorable execution of client transactions.

On occasion, Newport Capital Group will allow clients to direct brokerage. Newport Capital Group may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients' money because without the ability to direct brokerage Newport

Capital Group may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

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

### **Item 13: Review of Accounts**

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

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

All clients will receive statements and trade confirmations directly from their account custodian and written quarterly reports from Newport Capital Group summarizing account activity and performance generated using third party software which receives data directly from the client’s custodian. Newport Capital Group encourages clients to compare the information on reports prepared by Newport Capital Group to information on the statements provided directly from the custodian, and alert Newport Capital Group of any discrepancies, concerns or questions. These reports are an integral part of managing client assets, as they serve as a method to communicate with clients. Clients should carefully review all materials related to their portfolio, and if there is ever a strategy, allocation, or particular security about which the client has a question or concern, clients should immediately contact Newport Capital Group.

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

**Item 14: Client Referrals and Other Compensation**

A. As disclosed under Item 12 above, Newport Capital Group participates in TD Ameritrade's institutional customer program and Newport Capital Group may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Newport Capital Group's participation in the program and the investment advice it gives to its Clients, although Newport Capital Group receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Newport Capital Group participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Newport Capital Group by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by Newport Capital Group's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Newport Capital Group but may not benefit its Client accounts. These products or services may assist Newport Capital Group in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Newport Capital Group manage and further develop its business enterprise. The benefits received by Newport Capital Group or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Newport Capital Group endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Newport Capital Group or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Newport Capital Group's choice of TD Ameritrade for custody and brokerage services.

Newport Capital Group also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program.

TD Ameritrade provides the Additional Services to Newport Capital Group in its sole discretion and at its own expense, and Newport Capital Group does not pay any fees to TD Ameritrade for the Additional Services. Newport Capital Group and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Newport Capital Group's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Newport Capital Group, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Newport Capital Group's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Newport Capital Group, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Newport Capital Group may have an incentive to recommend to its Clients that the assets under management by Newport Capital Group be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Newport Capital Group's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including seeking best execution of trades for Client accounts.

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

**Item 15: Custody**

Newport Capital Group shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Newport Capital Group also has standing letters of authorization on some accounts which allow for transfers to third-parties. Newport Capital Group adheres to requirements of Investment Advisor Association No-Action letter (dated February 21, 2017) with respect to standing letters of authorization. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Newport Capital Group may also provide a written periodic report summarizing account activity and performance.

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

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

**Item 16: Investment Discretion**

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

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

**Item 17: Voting Client Securities**

*Asset Management*

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

B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Newport Capital Group at (732) 741-8400 to discuss any questions they may have with a particular solicitation.

*Newport Holdings L.P.*

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

**Item 18: Financial Information**

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

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

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