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## **Bellwether Consulting LLC**

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March 15, 2023

This Brochure provides information about the qualifications and business practices of Bellwether Consulting LLC ["Adviser"]. If you have any questions about the contents of this Brochure, please contact us at (646) 205-9346 or at [consultants@bellwetherconsulting.net](mailto:consultants@bellwetherconsulting.net). 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.

Bellwether Consulting is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Bellwether Consulting also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



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## **2. Material Changes**

This brochure contains no material changes from the last update (dated February 1, 2022).

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Further, we will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Lynda Sandersen, Investment Consultant at (646) 205-9346 x119 or [lynda.sandersen@bellwetherconsulting.net](mailto:lynda.sandersen@bellwetherconsulting.net).

Additional information about Bellwether Consulting is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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### 3. Table of Contents

1. Cover Page .....	1
2. Material Changes .....	2
3. Table of Contents .....	3
4. Advisory Business .....	4
5. Fees and Compensation .....	7
6. Performance-Based Fees and Side-By-Side Management .....	7
7. Types of Clients .....	8
8. Methods of Analysis, Investment Strategies and Risk of Loss .....	8
9. Disciplinary Information .....	9
10. Other Financial Industry Activities and Affiliations .....	10
11. Code of Ethics .....	10
12. Brokerage Practices .....	12
13. Review of Accounts .....	12
14. Client Referrals and Other Compensation .....	12
15. Custody .....	12
16. Investment Discretion .....	12
17. Voting Client Securities .....	13
18. Financial Information .....	13
Additional Disclosure: Charitable Contributions .....	13

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## 4. Advisory Business

Bellwether Consulting is a pension and investment consulting firm. The Firm has been in business since February 13, 2001, and the principal owners are Scott Jaime Cohen, Jacob Leon Finkel, Keith Allan Hocter, and Lynda Marie Sandersen.

We provide investment advice and project management to institutional investors, including:

- Traditional and cash balance pension plans,
- Employee-directed defined contribution plans (e.g., 401(k), 403(b), 457),
- Non-qualified deferred compensation plans,
- Taft-Hartley plans,
- Welfare benefit trusts,
- Foundations & endowments,
- Banks, insurance companies and other organizations with operating assets, and
- Fiduciary boards of family offices (project management services only).

We assist clients with:

- Setting realistic objectives for investment programs.
- Allocating assets for likelihood of achieving objectives while managing risk.
- Performing searches for investment managers to find new market opportunities or replace underperforming products.
- Keeping clients in touch with the market, key economic issues, and how these factors affect their investment program.
- Monitoring manager performance.
- Finding an appropriate combination of investment choice, education, and advice for employees in participant-directed programs (e.g., 401(k)).
- Documenting processes and decisions, providing records of sound fiduciary management.
- Enhancing the design and facilitating the operation of benefit plans.
- Evaluating and selecting non-investment vendors for their programs.

Advice provided by Bellwether is independent and objective. To this end we do not provide consulting services to investment managers or retirement plan service providers, except in their capacity as fiduciaries for benefit plans for their own employees. We do not accept any product-based compensation of any kind, direct or indirect.

### Strategy and Policy

#### *Typical Service*

Investment Policy Review: An investment policy statement customized to your organization's needs and circumstances, or a professional review and update of your existing statement, based

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on an analysis of your current investment strategy and governance practices, not a boilerplate document.

Asset Allocation Study: An analysis of the risk and return potential of your current investment program, with recommendations on changes to your asset allocation strategy. We assess how closely the plan's strategy matches actuarial liability projections and other similar plans and consider the potential impact on pension cost and income.

Asset-Liability Study: A more thorough project including projection of liabilities under various economic scenarios, projection of the level and volatility of plan funding, and a full asset allocation study.

Fiduciary Review: A review of the governance practices of the investment program, where we cite specific areas of concern and recommend action steps to improve investment decision-making. The review typically includes high-level analysis of current investment managers, review of committee structure and documentation, critique of investment policy, and assessment of employee communication and 404(c) compliance as applicable.

## **Search and Evaluation Services**

### *Typical Services*

Single-Class Manager Search: An analysis of candidates yielding a specific recommendation and several viable alternatives; includes structured sessions with your decision-making committee and opportunities for input throughout the process:

- Policy input
- Screening & ranking criteria
- RFP's
- Manager presentations

Multi-Class Manager Search: Specific recommendations for multiple investment managers, optimizing the selection process.

Service Provider Search: Management of the RFP process to select a recordkeeper, custodian, trustee, employee education or advice provider.

## **Performance Monitoring**

### *Typical Services*

Investment Performance Monitor: Periodic review of performance covering market conditions, plan-level performance, compliance with investment policy criteria, and an analysis of each manager. Includes 2-6 pages of commentary, data tables, and charts for each manager. Clients typically subscribe on a quarterly or semi-annual basis in a retainer relationship including visits by a Bellwether Investment Consultant to explain key issues and answer questions.

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Single Performance Analysis: A one-time investment program "check-up" including specific recommendations to improve program quality.

Market Update: A quarterly update on the market and key economic issues as part of our Investment Performance Monitor or by subscription to our quarterly "Market Recap" newsletter.

## **Employee Education**

### *Typical Services*

Education & Communication Program Review: A review of current education materials, past investment behavior, and current attitudes about the program leading to development of new content and design elements. May include research through interviews, surveys, and focus groups. Project scope is carefully controlled to meet budgetary constraints while yielding measurable results.

Education & Communication Program Materials Development: Development and design of education materials tailored to a specific participant base to meet current needs. Examples include, but are not limited to:

- Brochures
- Communications and letters
- Fact sheets
- Plan Sponsor-provided education on investments

Asset Allocation Programs: Model investment portfolios for participants of various risk profiles, designed either as investment education or advice. Based on asset-class characteristics or specific plan investment options, using contemporary portfolio construction methods.

Investment Advisor Searches: Management of the process to select a qualified investment advisor to provide specific investment advice to participants. Includes administration and analysis of RFP's for either face-to-face, call center, or internet-based advisors.

## **Fiduciary Education**

### *Typical Services*

Investment Fiduciary Orientation: Fiduciary training session to help Committees best adhere to the "Prudent Expert" standard. Includes a discussion of what it means to be a fiduciary to your portfolio, best practices to adopt in order to comply with fiduciary standards, and the types of fiduciary tools and processes.

Quarterly Market Recap Newsletter: Quarterly summary of general economic and market conditions written specifically to give you a foundation on which to build an understanding of your investment performance.

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## Fee Reviews

### *Typical Services*

Investment Fee Documentation: Identification of all direct and indirect fees attributable to your investment program. Complete documentation using the Department of Labor's Fee Disclosure Form, and objective benchmarking against competitive market standards.

Revenue Recapture Negotiation: Leadership in negotiating fee reductions, service enhancements, or revenue recapture facilities with your investment managers, recordkeepers, or trustees.

All of our advisory services are tailored to the individual needs of our clients, who may impose restrictions on investing in certain types of securities. Every problem and every opportunity is analyzed by:

- Gaining an understanding of the needs and goals of the client,
- Gathering quality data,
- Applying sound theory,
- Working the problem objectively for as long as possible, then
- Using wisdom gained through experience, making the analytic leap to a clear recommendation.

## 5. Fees and Compensation

Bellwether does not have a standardized or uniform fee schedule across its service offerings. All fees are negotiated in advance on a case-by-case basis, based on the scope of services desired and the nature and complexity of the client's circumstances. Fees are billed in arrears, and payment and termination terms are tailored to specific client situations. Project and retainer fees are proposed considering a number of factors including, but not limited to, the complexity and scope of the work, the number and type of investments, the size of the program, the nature and frequency of meetings and reports, and projected time requirements. Hourly fees depend on services to be rendered and current workload. Clients may pay fees directly or through a recordkeeper, trustee, or other agent.

Bellwether Consulting does not accept product-related compensation such as sales commissions, asset-based sales charges, or service fees.

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

Bellwether Consulting does not charge or accept any performance-based fees (i.e., fees based on a share of capital gains on or capital appreciation of the assets of a client). Further, Bellwether

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Consulting does not conduct side-by-side management (i.e., charging performance-based fees on some accounts and another type of fee, such as an hourly or flat fee or an asset-based fee, on other accounts).

## **7. Types of Clients**

We provide services to institutional and other sophisticated investors, including:

- Traditional and cash balance pension plans,
- Employee-directed defined contribution plans (e.g., 401(k), 403(b), 457),
- Non-qualified deferred compensation plans,
- Taft-Hartley plans,
- Welfare benefit trusts,
- Foundations & endowments,
- Banks, insurance companies and other organizations with operating assets, and
- Fiduciary boards of family offices.

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

Investing in securities involves risk of loss that clients should be prepared to bear. Further, it is impossible to describe every risk inherent in securities investing in this brochure.

In general, Bellwether Consulting advises clients on selection of investment managers of equity and fixed income investments. We believe in first selecting the best investment manager and then selecting the most cost-efficient delivery vehicle for that strategy, so many of our clients use a mix of mutual funds, separate accounts, and collective investment trusts.

Our investment manager selection process is a rigorous, multi-step quantitative and qualitative analysis process that considers a number of factors including absolute and risk-adjusted returns, style consistency, organizational structure and process, capabilities, and fees.

Every type of security carries risk. Material risks inherent in equity and fixed income investing include, among other things:

- **Market Risk:** the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries,
- **Management Risk:** the risk that the investment techniques and risk analyses applied by an investment manager will produce the desired results and that legislative, regulatory, or tax developments may affect the investment techniques available to an investment manager,



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- **Liquidity Risk:** the risk that a particular investment may be difficult to purchase or sell and that the investment manager may be unable to sell illiquid securities at an advantageous time or price or achieve its desired level of exposure to a certain sector,
  - **Currency Risk:** the risk that foreign currencies will decline in value relative to the U.S. dollar and affect investments in non-U.S. currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, non-U.S. currencies,
  - **Derivatives Risk:** the risk of investing in derivative instruments, including liquidity, interest rate, market, credit and management risks, mispricing or improper valuation, changes in the value not correlating perfectly with underlying assets, rates or indices, and the loss of more than the principal amount invested,
  - **Leveraging Risk:** the risk of increased volatility due to the incorporation of transactions designed to multiply gains,
  - **Concentration Risk:** the risk of loss arising from heavy exposure to a particular entity,
  - **Interest Rate Risk:** the risk that fixed income securities will decline in value because of an increase in interest rates,
  - **Credit Risk:** the risk of default by borrowers and transactional counterparties as well as the loss of value of assets due to deterioration in credit quality,
  - **Structure Risk:** the risk of investing in mortgage-related and other asset-backed securities, including interest rate risk, extension risk and prepayment risk,
  - **Duration Risk:** the price volatility associated with the length of time it takes for the price of a bond to be repaid by its internal cash flows,
  - **Quality Risk:** the credit worthiness or risk of default which impacts the price and yield of a bond, and
  - **Mismatch Risk (for pension plans):** the risk of adverse movements in the relative value of assets and liabilities (i.e., changes in value are not highly correlated).

## **9. Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events material to a client or prospective client's evaluation of Bellwether Consulting or the integrity of Bellwether Consulting's management. Bellwether Consulting has no such information to disclose.

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## 10. Other Financial Industry Activities and Affiliations

In addition to its pension and investment consulting activities, Bellwether Consulting advises clients on the administration of retirement plans or other benefit programs, on general Human Resources and Finance policies, and on the evaluation and selection of non-investment vendors such as custodians, recordkeepers, and actuaries. Bellwether also serves as an expert subcontractor for law firms and other consulting firms.

## 11. Code of Ethics

Bellwether Consulting has adopted a Code of Ethics for all supervised persons of the Firm. All supervised persons at Bellwether Consulting must acknowledge the terms of the Code of Ethics annually or as amended. A copy of our Code of Ethics will be provided to any client or prospective client upon request.

### **Bellwether Consulting Code of Ethics**

- A. **Responsibility.** It is the responsibility of every member and employee to ensure that the Firm conducts its business with the highest level of ethical standards consistent with this Code.
- B. **Duty to Clients.** The Firm will discharge its duties of prudence and loyalty as a fiduciary, placing the interests of the Client ahead of the interests of the Firm.
- C. **Independence and Objectivity.** The Firm will avoid circumstances that might adversely affect its ability to render independent, objective advice to its Clients, and promptly disclose any conflict of interest which cannot be avoided. The Firm will not provide product consulting to asset managers, or charge any fee for access to consultants or inclusion in search projects.
- D. **Fees.** The Firm will fully disclose all fees to the Client in advance. No fee schedule will be proposed or adopted whereby fees depend on the investment product, or form of product, recommended to or adopted by the Client, including commissions.
- E. **Reports and Recommendations.** For every report and recommendation, the Firm will:
  - 1. Have a reasonable and adequate basis, supported by diligent and thorough research,
  - 2. Consider all known and material facts,
  - 3. Distinguish fact from opinion,
  - 4. Consider the appropriateness and suitability of investments based upon the Client's particular circumstances, and
  - 5. Maintain appropriate documentation.

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- F. **Privacy of Client Information.** The Firm will not disclose any nonpublic information about a Client to a third party unless it is needed to service the Client's account, the Client gives permission to do so, or unless compelled by law.
- G. **Compliance with Law and Standards.** Every member and employee of the Firm will comply with the Investment Advisers Act of 1940 and associated regulations, with all other applicable laws such as ERISA and federal securities law, with the CFA Institute Code of Ethics, and with the Firm's compliance requirements.
- H. **Duty to Supervise.** The Firm will ensure adequate supervision over the conduct of all parties who act on behalf of the Firm. The Firm will:
1. Maintain procedures that could be reasonably expected to prevent and detect violations of law,
  2. Maintain a written compliance manual, and ensure all parties read, understand, and adhere to the Firm's compliance requirements, and
  3. Designate a Chief Compliance Officer.
- I. **Professional Competence.** Every member and employee of the Firm will strive to improve their knowledge and competence through experience, access to information, and continuing professional education.
- J. **Personal Trading Policy.** Every member and employee of the Firm who has access to nonpublic information regarding Clients' purchase or sale of securities, is involved in making securities recommendations to Clients, or who has access to such recommendations that are nonpublic is deemed an "access person." Each access person must submit a complete report of securities holdings upon becoming an access person no later than 10 days after the person becomes an access person, and the information must be current as of a date no more than 45 days prior to the date the person becomes an access person and at least once a year thereafter within 45 calendar days of the end of each calendar year. In addition, each access person must submit a quarterly report of all personal securities transactions no later than 30 days after the end of each calendar quarter. All reports will be reviewed by the CCO or their designee.
- K. Every member and employee of the Company will report any violations of this code of ethics promptly to the CCO.
- L. A record of any violation of this code of ethics, and of any action taken as a result of the violation will be maintained by the CCO.

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## **12. Brokerage Practices**

Bellwether Consulting does not select or recommend brokers to clients. Further, neither Bellwether Consulting nor any related person has the authority to determine brokers to be used by clients or the brokerage commissions to be paid by clients.

## **13. Review of Accounts**

As described in Section 4. Advisory Business, Bellwether Consulting provides Performance Monitoring services as follows:

Investment Performance Monitor: Periodic review of performance covering market conditions, plan-level performance, compliance with investment policy criteria, and a detailed analysis of each manager. Includes 2-6 pages of commentary, data tables, and charts for each manager. Clients typically subscribe on a quarterly or semi-annual basis in a retainer relationship including visits by a Bellwether Investment Consultant to explain key issues and answer questions.

Single Performance Analysis: A one-time investment program "check-up" including specific recommendations to improve program quality.

All performance monitoring and performance analysis services are conducted by the Investment Consultants at Bellwether Consulting.

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

Neither Bellwether Consulting nor any of its members or employees receives cash or any other economic benefit (including commissions, equipment or services) from anyone other than clients in connection with its advisory business. Bellwether Consulting does not compensate any person either directly or indirectly for client referrals.

## **15. Custody**

Bellwether Consulting never has custody of client funds or securities.

## **16. Investment Discretion**

Bellwether Consulting does not have discretionary authority to manage securities on behalf of existing clients.

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## **17. Voting Client Securities**

Bellwether Consulting never has the authority to vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. If requested, Bellwether Consulting may provide advice to clients regarding the voting of proxies.

## **18. Financial Information**

Bellwether Consulting has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.

### **Additional Disclosure: Charitable Contributions**

From time to time Bellwether Consulting, at its discretion, may make contributions to charities associated with, or solicited by, clients or other persons that do business with us.