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

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**Form ADV Part 2A**

**Firm Brochure**

## Fiduciary Consulting Practice
## Institutional Service

**October 9, 2019**

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

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

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

Additional information about NGC and NGS are available on the SEC's website at *www.adviserinfo.sec.gov.*

# Form ADV Part 2A: Firm Brochure – Fiduciary Consulting Practice – Institutional Services

## Item 2: Material Changes

The following summary discusses material changes to the Newport Group Form ADV, Part 2A Fiduciary Consulting Practice Brochure (the "Brochure"), dated March 29, 2019. Consistent with the SEC rules we will provide you with a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year, which is December 31$^{st}$.

*Summary of Material Changes:*

# Form ADV Part 2A: Firm Brochure – Fiduciary Consulting Practice – Institutional Services

**Item 3: Table of Contents**

# Form ADV Part 2A: Firm Brochure – Fiduciary Consulting Practice – Institutional Services

### Item 4: Advisory Business

Background

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

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

Newport Group, Inc. is a wholly owned subsidiary of Newport Group Holdings I, Inc. which is controlled by and 100% owned by Newport Group Holdings, LP. Newport Group Holdings LP is 100% owned by Newport Holdings GP I, LLC and indirectly controlled by Trident V, LP, Trident V Parallel Fund, LP and Trident V Professionals Funds, LP, funds managed by Stone Point Capital, LLC. Stone Point manages private equity funds that invest in companies operating in the financial services industry.

Newport Group's management believes that none of the indirect relationships that the Firm may have with any such companies through its indirect relationship with Stone Point Capital, LLC are material to the business of Newport Group and do not cause a conflict of interest with the activities on behalf of its clients.

B. Advisory Services

In its capacity as an RIA, Newport Group offers the following types of services to retirement plan sponsors:

1. Investment Consulting Services
2. Discretionary Investment Management Services
3. Fiduciary Governance Advice Services
4. Retirement Plan Consulting Projects
5. MenuAdvisor®
6. Risk-Selective Target Date Portfolios
7. Participant Advice

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

[2] New client' services will be offered through and managed by NGC.

# Form ADV Part 2A: Firm Brochure – Fiduciary Consulting Practice – Institutional Services

## 1. Investment Consulting Services

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

- Comprehensive investment review, including an analysis of the existing menu, investment managers and asset allocation strategies
- Preparation and maintenance of an Investment Policy Statement *("IPS")* that is reviewed *(and updated as needed)* on a regular basis
- Review of investment menu and make recommendations regarding diversification by asset class and investment style
- Review, evaluate, and provide recommendations regarding asset allocation tools and Qualified Default Investment Alternative *("QDIA")* options for defined contribution plans
- Review and recommend asset allocation based on client time horizon and risk tolerance
- Review, evaluate and select investment managers using criteria specified in the IPS
- Continually monitor and report on each manager using the same criteria
- Maintain a Watchlist and recommend removal/replacement of investment managers as warranted
- Provide full written documentation of the process, including comprehensive quarterly reporting, known as the Quarterly Investment Manager Review *("QIMR")*
- Provide advice and guidance on other investment–related issues as needed
- At the direction of plan sponsor, provide group meetings and individual meetings with plan participants to help participants achieve better financial results as it pertains to their retirement accounts.

**Investment Review**

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

**Investment Policy Statement**

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

### Asset Allocation and Menu Construction

Asset allocation is an important investment decision, as it is the primary determinant of the return and risk characteristics of a portfolio. Newport Group's proprietary asset allocation framework incorporates forward–looking input assumptions and risk control constraints. For sponsor–directed plans, Newport Group provides advice regarding asset allocation and rebalancing policies given the specific needs and objectives of the plan, such as goals and return objectives, plan liabilities, time horizon, risk tolerance, cash flow, and underlying participant demographics.

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

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

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

### Investment Manager Evaluation and Selection

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

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

**Investment Manager Monitoring and Replacement**

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

**Periodic Reporting and Review**

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

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

2. Discretionary Investment Management Services

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

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

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

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

3. Fiduciary Governance Advice Services

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

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

4. Retirement Plan Consulting Projects

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

5. MenuAdvisor®

Through a partnership with Bank of America Merrill Lynch, Newport Group provides professional advice and assistance to plan sponsors. This service includes: 1) analyzing a plan sponsor’s current menu, 2) creating an IPS, 3) choosing appropriate investments to offer to employees and 4) monitoring and managing the plan sponsor’s menu of investments.

6. Risk-Selective Target Date Portfolios

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

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

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

7. Participant Advice

   Newport Group offers participant advice services to sponsors of employee benefit plans. The participant advice is limited to the balances and investments offered in the plan. The advice may feature general investment-related information for educational purposes, the review of the plan features and a review of the investment menu. Advice will not be provided regarding investments outside of the plan. This service will be offered at the discretion of a plan sponsor who pays for the service through the fees paid to Newport Group.

C. Newport Group's services may be customized for clients. All guidelines are documented in the IPS.
D. Newport Group does not participate in any wrap fee programs.
E. As of December 31, 2018, NGC has $2,441,754,325 of non–discretionary and $280,759,487 of discretionary assets under management. NGS has $24,787,472,107 of non-discretionary and $1,381,527,275 of discretionary assets under management.

### Item 5: Fees and Compensation

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

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

1. *Fixed Fees*

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

2. *A Percentage of Assets under Advisement or Management*

Newport Group's annual fee for investment consulting services, as further described below, is based on the value of the assets under Newport Group's advisement or management. Such fees are subject to negotiation under certain circumstances and at the sole discretion of Newport Group. An exact fee will be agreed upon with each client and will be made a part of the investment consulting agreement.

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

B. Fee Invoices

Consulting fees are assessed and invoiced in accordance with each client agreement. Typically, the fee is billed quarterly, in advance of service, based on the quarter–end value of the account or on a fixed-fee basis. Accounts opened or closed during a period will have the consulting fee prorated for the period. The terms for termination of services are part of Newport Group's consulting agreement as negotiated on a client–by–client basis. Clients may also designate in writing that the fees may be automatically debited from the stated custodial account. In such instances, Newport Group will send the invoice to the client's custodian and the custodian will debit the client account for the amount and forward it to Newport Group. Clients are advised to contact their custodians for monthly or quarterly statements which should include fee payments.

C. When acting as an RIA, Newport Group often recommends the use of asset managers, typically in the form of mutual funds or commingled trusts. Newport Group does not receive “indirect” compensation from mutual funds in the form of commissions or other forms of fund–based compensation with respect to its consulting services for ERISA–covered plans. To the extent any indirect compensation is received, such amounts are applied to pay outstanding invoices, with any excess returned to the plan as directed by the sponsor. All fees are disclosed on the client's quarterly invoice.

Where clients wish to offset their consulting fees with indirect compensation, they will need to request the custodian to direct payment to Newport Group. Newport Group does not offset fees on their invoices for indirect compensation received in error. It is our intent not to receive any additional net compensation through additional revenue sharing fund-based compensation.

When making recommendations, Newport Group takes into consideration the overall fees and expenses with the intent to minimize plan expenses. This is evidenced in our investment manager evaluation and selection criteria as referenced in Item 4.B.

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

E. Supervised persons do not accept nor are compensated for the sale of securities or other investment products.

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

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

### Item 7: Types of Clients

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

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

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

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

A. Newport Group advises clients on asset allocation using the Modern Portfolio Theory (MPT) and a mean–variance framework. MPT is a theory on how one can construct portfolios to maximize expected return based on a given level of risk. Mean-variance analysis is the process of weighing risk (variance) against expected return. In general, the Firm's approach is to construct portfolios that have the highest expected return for the given level of risk a client is willing to assume.

B. Investing in securities involves risk of loss of principal. Newport Group's risk management methodology does not protect against loss. Clients should evaluate their ability to withstand market losses prior to investing.

C. As an institutional consultant, we recommend investment managers within multiple assets classes so our clients are provided the ability to construct diversified portfolios. Certain risks are inherent to investing in money markets, stable value, fixed income, equity (*including domestic and international*) and alternative asset classes.

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

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

- Equity Securities Risk: Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Different parts of the market can react differently to these developments. Value and growth stocks can perform differently from other types of stocks. Growth stocks can be more volatile. Value stocks can continue to be undervalued by the market for long periods of time. In addition, stock investments may be subject to risk related to market capitalization as well as company-specific risk.
- Fixed Income Securities Risks: Investments in fixed income securities involves a variety of risks, including that: an issuer or guarantor of a security will be unable to pay obligations when due; due to decreases in liquidity, the fund may be unable to sell its securities holdings at the price it values the security or at any price; and the fund's investment may decrease in value when interest rates rise. Volatility in interest rates and in fixed income markets may increase the risk that the fund's investment in fixed income securities will go down in value.
- Exchange-traded Funds: Exchange-traded funds present market and liquidity risks, as they are listed on a public securities exchange and are purchased and sold via the exchange at the listed price, which will vary based on current market conditions and may deviate from the net asset value of the exchange-traded fund's underlying portfolio.
- Exchange-traded Fund (ETF) and Mutual Fund Risks: ETF or mutual fund performance may not exactly match the performance of the index or market benchmark that the ETF or mutual fund is designed to track for many reasons, including the ETF or mutual fund will incur expenses and transaction costs not incurred by any applicable index or market benchmark; certain securities comprising the index or market benchmark tracked by the ETF or mutual fund may, from time to time, be temporarily unavailable; certain ETFs or mutual funds may use synthetic products to reduce tracking error with the market benchmark tracked by the fund which relies on the synthetic counterparty to carry through with its obligation to pay the agreed upon index return. If that does not occur, the ETF or mutual fund risks incurring losses that would impact investors; and supply and demand in the market for either the ETF and/or for the securities held by the ETF or mutual fund may cause the ETF or mutual fund shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF or mutual fund.
- Category or Style Risk: During various periods of time, one category or style may underperform or outperform other categories and styles.
- Market Risk: The price of a security, bond, or mutual fund and/or exchange-traded fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- Market Trading Risk: The risk that an active secondary trading market for a fund does not continue once developed, that a fund may not continue to meet a listing exchange's

trading or listing requirements, or that a fund shares trade at prices other than the fund's net asset value.

- Non–Diversification Risk. Some funds may be classified as a "non–diversified" portfolio which means it may hold fewer securities than a diversified fund because it may invest a greater percentage of its assets in a smaller number of securities. Holding fewer securities increases the risk that the value of a fund could go down because of the poor performance of a single investment.
- Foreign Investment Risk. Investments in foreign securities may be riskier than U.S. investments because of factors such as unstable international, political and economic conditions, currency fluctuations, foreign controls on investment and currency exchange, foreign governmental control of some issuers, potential confiscatory taxation or nationalization of companies by foreign governments, withholding taxes, a lack of adequate company information, less liquid and more volatile exchanges and/or markets, ineffective or detrimental government regulation, varying accounting standards, political or economic factors that may severely limit business activities, and legal systems or market practices that may permit inequitable treatment of minority and/or non–domestic investors. Investments in emerging markets may involve these and other significant risks such as less mature economic structures and less developed and more thinly–traded securities markets.
- Currency Risk: The performance of a fund may be materially affected positively or negatively by foreign currency strength or weakness relative to the U.S. dollar, particularly if a fund invests a significant percentage of its assets in foreign securities or other assets denominated in currencies other than the U.S. dollar.
- Derivatives Risk: The use of derivatives is a highly specialized activity that involves a variety of risks in addition to and greater than those associated with investing directly in securities, including the risk that: the party on the other side of a derivative transaction will be unable to honor its financial obligation; leverage created by investing in derivatives may result in losses to the portfolio; derivatives may be difficult or impossible for the portfolio to buy or sell at an opportune time or price, and may be difficult to terminate or otherwise offset; derivatives used for hedging may reduce or magnify losses but also may reduce or eliminate gains; and the price of commodity-linked derivatives may be more volatile than the prices of traditional equity and debt securities.
- Interest Rate Risk: The risk that fixed-income securities will decline in value because of an increase in interest rates; a fund with a longer average portfolio duration will be more sensitive to changes in interest rates than a fund with a shorter average portfolio duration.
- Credit Risk: The risk that a fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.
- Issuer Risk: The risk that the value of a security may decline for reasons directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or service.
- Liquidity Risk: The risk that a particular investment may be difficult to purchase or sell and that a fund may be unable to sell illiquid *(non–marketable)* securities at an

advantageous time or price.

- Mortgage–Related and Other Asset–Backed Risk: The risks of investing in mortgage–related and other asset–backed securities, including interest rate risk, extension risk and prepayment risk.
- Leverage Risk: The risk that certain transactions of a fund, such as reverse repurchase agreements, loans of portfolio securities, and the use of when–issued, delayed delivery or forward commitment transactions, or derivative instruments, may give rise to leverage, causing a fund to be more volatile than if it had not been leveraged.
- Management Risk: The risk that there is no guarantee that the investment techniques and risk analyses applied by an investment manager will produce the desired results, and that legislative, regulatory, or tax developments may affect the investment techniques available to a particular investment/portfolio manager in connection with managing a fund and may also adversely affect the ability of a fund to achieve its investment objective.
- Inflation Risk: When any type of inflation is present, purchasing power may be eroding at the rate of inflation.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This relates primarily to fixed income securities.

Additional risk not generally associated with investment advice

- Cyber Security Risk: With the increased use of technologies such as the internet to conduct business, Newport Group is susceptible to operational, information security, and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and may arise from external or internal sources. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information; corrupting data, equipment, or systems; or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

## Item 9: Disciplinary Information

Newport Group has no disciplinary information to report.

## Item 10: Other Financial Industry Activities and Affiliations

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

When acting as IARs, individuals associated with Newport Group operate under a strict fiduciary standard. Apart and aside from Newport Group's fee–for–service investment consulting business, when acting in both IAR and RR capacities, individuals associated with Newport Group are said to be acting in a “dual capacity”. Employees of Newport Group are not provided additional compensation for the sale of securities. Independent Contractors associated with

NGC and/or NGS have written agreements in place pertaining to the services they offer and compensation paid to them for the sale of advisory services and/or securities. Each Independent Contractor is held to the same ethical standards as an employee of Newport Group and are required to comply with applicable policies and procedures including Newport Group Code of Ethics. Their activities are supervised by designated supervisors of Newport Group.

Newport Group, Inc. and its affiliates may provide recordkeeping, plan administration and/or custodial services to unaffiliated asset managers and/or their affiliates. These asset managers may provide sponsorship and/or attend Newport Group Inc.'s conferences that bring together industry leaders within the retirement industry. Newport Group may or may not recommend their investment strategies to clients. Newport Group neither prefers nor avoids asset management firms who have any such relationships when determining whether an investment strategy meets Newport Group's manager selection and monitoring criteria as described herein. The Firm will keep supporting documentation as to why any given investment strategy was recommended to clients that are provided investment consulting services through NGC or NGS. Newport Group employees may attend training and educational meetings sponsored by asset managers. Generally, the asset manager may reimburse an attendees travel, lodging and meal expense to attend these meetings. The purpose of the meetings is to provide updates on the asset manager's products or services. Employees are required to request approval to attend these meetings sponsored by asset managers and report related expenses associated with the meeting if reimbursed by the sponsor.

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

### Code of Ethics

Pursuant to the Investment Advisers Rule 204A-1, Newport Group has adopted various policies, including a Code of Ethics (the "Code") to address the potential for self-dealing and conflicts of interest which may arise with respect to personal securities trading by employees, officers and other affiliated individuals ("Access Persons"). The Code not only applies to Access Persons but also members of their immediate family (as defined in the Code), which includes relatives living in the Access Persons principal residences. The Code and other polices cover, among other things, the protection of confidential information, including the client's non–public information; the review and monitoring of the personal securities accounts of certain Newport Group personnel for evidence of manipulative and insider trading; and training of personnel.

Newport Group acts as a consultant on the retirement plan for several mutual fund companies. Independently, Newport Group evaluates the funds of these companies for consulting clients. Newport Group manages this conflict of interest by separating Newport Group employees who provide service to the retirement plan from those who evaluate the funds. The individuals who provide service to the retirement plans and the individuals who evaluate the funds do not receive ongoing compensation based on the revenue that the Firm receives as an investment consultant.

### Personal Trading Policy

Newport Group does not provide investment advice on individual securities. Newport Group has adopted a uniform insider trading policy and personal securities reporting requirement to identify and mitigate other conflicts of interest.

In general, this policy covers personal trading of all Newport Group employees deemed as "Access Persons" of the Firm and includes the following restrictions on personal trades:

- Newport Group's Access Persons under the Code are subject to additional, specific requirements with respect to their personal securities transactions, including disclosure of all securities holdings on an annual basis, certain reporting on transactional and quarterly basis and post review of transactions for certain designated securities and offerings.
- A director, officer or employee of Newport Group shall not buy or sell securities for their own personal portfolios where their decision is substantially derived, in whole or in part, from information received by reason of their employment unless the information is also available to the investing public upon reasonable inquiry.

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

### Item 12: Brokerage Practices

A. Newport Group does not receive "soft dollars benefits" to utilize research, research related products and/or other services obtained from broker-dealers.

B. Newport Group does not recommend broker-dealers for client referrals.

C. Newport Group does not recommend, request or require clients to direct Newport Group to execute transactions through a specified broker-dealer.

### Item 13: Review of Accounts

A.-B. Reviews and Reviewers of Accounts.

Formal investment portfolio reviews are conducted quarterly, and quarterly reports are provided to clients in electronic and/or hard copy format. Newport Group's investment research analysts and investment consultants continually monitor investment managers based on the same quantitative and qualitative criteria used to evaluate and select investment managers, as described in Item 4.B.1. If a particular manager is not performing to our expectations based on the criteria, it will be placed on our Watchlist and allowed a period of time to correct the deficiencies. If the manager fails to improve, we will proactively recommend replacement of the manager when warranted.

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

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

C. Frequency of Reports.

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

The QIMR also communicates Newport Group's perspective on the capital markets and provides commentary on the managers and the various asset classes and investment styles represented in the menu. Of particular value to clients are the Executive Summary “scorecards.” Each manager is “scored” along the key quantitative and qualitative criteria as identified in the IPS and utilized in the evaluation, selection, and monitoring process described in Item 4.B.1.

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

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

## Item 14: Client Referrals and Other Compensation

### A. Solicitors

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

The referral fee is paid in one of two ways:

1. A percent of Newport Group's annual consulting fee, payable to the intermediary partner quarterly, or
2. A one–time fee paid from Newport Group's consulting fee.

Importantly, the fee Newport Group pays the third-party does not increase Newport Group’s fee to the client for investment consulting services. All solicitor related compensation is paid by Newport Group.

## Item 15: Custody

Newport Group does not provide custodial services to or maintain custody for its clients. Clients designate and appoint a qualified custodian. Clients must ensure that copies of monthly/quarterly/annual custodial statements are forwarded directly to them from the custodian, and should periodically compare those statements to reports provided by Newport Group. Newport Group records may differ from custodial statements based on accounting procedures, valuation methodologies and other reporting related processes.

Retirement plan sponsors may engage Newport Trust Company as a qualified custodian. Newport Trust Company engages a sub-custodian that hold the assets. Plan sponsors are not required to engage Newport Trust Company as a custodian and may select another unaffiliated third-party as a custodian.

### Item 16: Investment Discretion

#### Investment or Brokerage Discretion Portfolio Management Services

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

### Item 17: Voting Client Securities

A. Newport Group does not obtain or exercise any proxy voting authority over client securities. Consequently, Newport Group shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account.

B. Newport Group does not have authority to vote client securities. In most cases, clients receive their proxies and/or other solicitations directly from their custodian (or transfer agent). Newport Group does not volunteer advice concerning the voting of proxies and/or other solicitations; however, we will offer advice if contacted by our clients to do so. Clients may contact us for assistance with proxies and/or solicitations via phone, electronic mail or in writing. Importantly, Newport Group will not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. In addition, Newport Group typically does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

### Item 18: Financial Information

Newport Group does not require or solicit prepayment of more than $1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. Newport Group does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.

### Item 19: Privacy Policy

| | |
|---|---|
| **Facts** | **What does Newport Group do with your Personal Information?** |
| **Why?** | Financial companies choose how they share your personal information. Federal and state law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. |

| | |
|---|---|
| **What?** | The types of personal information we collect and share depends on the product or services we provide to you. This information can include:<br>• your name, date of birth, address and social security number<br>• your account balance and transaction history<br>• certain personal preferences and investment choices<br>• employment, education, medical history and marital status<br>• website usage including browsing history and domain name |

| | |
|---|---|
| **How?** | All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information, the reasons we choose to share this information; and whether you can limit this sharing. |

| Reasons we can share your personal information | Does Newport Group share this Information? | Can you limit this sharing? |
|---|---|---|
| **For our everyday purposes**<br>Such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus. | Yes | No |
| **For our marketing purposes**<br>To offer other products and services to you. | No | We don't share |
| **For joint marketing with other financial companies** | No | We don't share |
| **For our affiliates' everyday business purposes**<br>Information about your transactions and experiences. | Yes | No |
| **For our affiliates' everyday business purposes**<br>Information about your creditworthiness. | No | We don't share |
| **For our affiliates to market to you** | No | We don't share |
| **For nonaffiliates to market to you** | No | We don't share |

| | |
|---|---|
| **Questions** | Call the Privacy Policy Line at 407-531-5959 or go to https://www.newportgroup.com/contact/privacy-policy-inquiry/. |

| Who We Are | |
|---|---|
| **Who is providing this notice?** | Newport Group, Inc. and its affiliates. A list of our affiliates is below. |

| What We Do | |
|---|---|
| **How does Newport Group protect my personal information?** | To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. To learn more about security at Newport Group, please click here. |
| **How does Newport Group collect my personal information?** | We collect your personal information, for example, when you:<br>• open an account or an account is opened on your behalf, for example, by your employer<br>• provide account information or give us your contact information<br>• take a distribution from your account<br>• make or change an investment choice<br>We also collect your personal information from others, such as your employer, affiliates and other companies. |
| **Why can't I limit all sharing?** | Federal law gives you the right to limit only:<br>• sharing for affiliates' everyday business purposes – information about your creditworthiness<br>• affiliates from using your information to market to you<br>• sharing for nonaffiliates to market to you<br>State laws and individual companies may give you additional rights to limit sharing. See below for more information on your rights under state law. |

| Definitions | |
|---|---|
| **Affiliates** | Companies related by common ownership or control. They can be financial or nonfinancial companies. Newport Group's affiliates include, but are not limited to:<br>• Newport Group Securities, Inc.<br>• Newport Trust Company<br>• Newport Consulting, LLC |
| **Nonaffiliates** | Companies not related by common ownership or control. They can be financial and nonfinancial companies.<br>• *Newport Group does not share with nonaffiliates so they can market to you* |
| **Joint marketing** | A formal agreement between nonaffiliated financial companies that together market financial products or services to you.<br>• *Newport Group doesn't jointly market* |

| Other important information |
|---|
| All States and International Laws:<br>States and other countries may provide for additional rights regarding your personnel information. You may obtain further information by contacting the Privacy Policy Line at 407-531-5959 or going to https://www.newportgroup.com/privacy-policy/. |

Revised October 2019