

**CSG Responses to
Department of Labor and SEC Questions
to Assist in Evaluating Pension Consultants**

- 1. Are you registered with the SEC or a state securities regulator as an investment adviser? If so, have you provided me with all the disclosures required under those laws (including Part II of Form ADV)?**

Consulting Services Group, LLC (“CSG”) is a federally registered investment adviser with the Securities and Exchange Commission and is notice filed in those states where required. Clients are provided with a copy of the firm’s Form ADV Part II when entering into a contractual relationship with the firm. Additionally, the Form ADV Part II is available on our firm website (www.csgllc.com) and upon request by a client or a potential client. CSG provides its Form ADV Part II, along with other disclosures, to its clients on an annual basis. As a component of our Form ADV Part II, CSG provides a comprehensive financial relationship disclosure statement to aid clients and potential clients in understanding the various relationships entered into by our firm and its affiliates.

- 2. Do you or a related company have relationships with money managers that you recommend, consider for recommendation, or otherwise mention to the plan for our consideration? If so, describe those relationships.**

CSG is affiliated with an introducing broker-dealer, Trading Services Group, LLC (“TSG”). Both CSG and TSG are wholly owned subsidiaries of CSG Holdings, LLC. TSG may have selling agreements with various hedge fund managers, private placement funds, and/or mutual fund companies. As such, TSG may receive compensation related to assets that clients of CSG may invest in those products. These relationships are disclosed to clients prior to investment recommendations by CSG and may result in a rebate to the client of all or a portion of any fees that may be received by TSG through TSG’s brokerage recapture program. Some money managers recommended by CSG have chosen and may continue to choose to utilize TSG for securities transactions on a best execution basis as part of the commission recapture program that is available through TSG for CSG’s clients. Some money managers may also elect to trade through TSG for their own proprietary accounts for which there is no brokerage recapture. Through its common ownership with TSG, CSG may receive a financial benefit when a money manager uses TSG to execute its own or a client’s securities transactions. Such usage of TSG is always voluntary and the determination of best execution remains at the discretion of each money manager. Additionally, the firm’s financial relationship disclosure statement, provided in CSG’s Form ADV Part II, sets forth additional disclosures regarding these relationships.

CSG has a related party, Centennial Partners, LLC, through common outside ownership in each entity by D. Canale & Co. Centennial Partners, LLC (“Centennial”) is the manager of a family of hedge fund of funds, which is offered to certain of CSG’s qualified clients as a hedge fund option. Should CSG determine that a Centennial product is appropriate for a CSG client, additional disclosures are provided to the client regarding the relationship between CSG and Centennial. CSG clients may elect to have Centennial products excluded from any hedge fund searches. Specific disclosures regarding the related party status of Centennial are provided in CSG’s Form ADV Parts I & II.

3. **Do you or a related company receive any payments from money managers you recommend, consider for recommendation, or otherwise mention to the plan for our consideration? If so, what is the extent of these payments in relation to your other income (revenue)?**

Please see the response to Item 2 above. In addition, the firm's financial relationship disclosure matrix set forth in the Form ADV Part II provides additional details regarding the various relationships that are in existence between CSG, TSG and various money managers, hedge funds and mutual funds.

4. **Do you have any policies or procedures to address conflicts of interest or to prevent these payments or relationships from being considered when you provide advice to your clients?**

Yes, CSG's Code Of Ethics is designed to prevent and detect conflicts of interest that arise from personal trading by its employees. Supervised Persons of CSG are provided with a copy of this Code and each person must provide written acknowledgement of their receipt of the Code and any amendments. The CCO or his designee provides periodic training for employees on requirements imposed by the Code. The CCO maintains copies of the current and previous versions of the Code as required under the Investment Advisers Act. In addition, the CCO maintains evidence of training as well as Code acknowledgements documenting that each firm employee has read and will adhere to the Code.

CSG reviews at least annually the provisions of the Code which may require periodic revisions or updating so as to comply with the provisions of the Investment Advisers Act, the Investment Company Act and SEC interpretations thereof with respect to personal securities trading and other matters by Access Persons / Supervised Persons of CSG.

In addition, CSG utilizes a system of risk analysis to monitor for potential and actual conflicts of interest that may affect the firm. The firm's CCO conducts analyses of various areas of the firm periodically to determine if conflicts of interest exist, as well as to examine how previously determined conflicts of interest continue to be addressed. The CCO reviews the common money manager relationships between CSG and TSG to monitor asset allocations to those money managers and to monitor for conflicts that may arise as a result of a money manager's usage of TSG.

Additionally, the relationships between money managers and CSG and TSG are disclosed on the firm's financial relationship disclosure statement which is set forth in the firm's Form ADV Part II.

5. **If you allow plans to pay your consulting fees using the plan's brokerage commissions, do you monitor the amount of commissions paid and alert plans when consulting fees have been paid in full? If not, how can a plan make sure it does not over-pay its consulting fees?**

Quarterly client invoices are designed to display commission credits for the benefit of the client. Excess commissions are refunded to the client or applied against future consulting fees.

Additionally, all CSG clients that participate in commission | fee | 12b-1 fee recapture or rebate programs with TSG must be clients of TSG as well. TSG provides quarterly brokerage

commission recapture statements that provide complete details regarding the client's recapture or rebate account.

6. **If you allow plans to pay your consulting fees using the plan's brokerage commissions, what steps do you take to ensure that the plan receives best execution for its securities trades?**

CSG does not manage money but rather manages money managers. Each money manager is subject to the requirement to obtain best execution for its clients.

7. **Do you have any arrangements with broker-dealers under which you or a related company will benefit if money managers place trades for their clients with such broker-dealers?**

Please see the response to Item 2 above.

8. **If you are hired, will you acknowledge in writing that you have a fiduciary obligation as an investment adviser to the plan while providing the consulting services we are seeking?**

Yes, CSG will acknowledge a fiduciary obligation with regard to the specific consulting services provided.

9. **Do you consider yourself a fiduciary under ERISA with respect to the recommendations you provide the plan?**

Yes, CSG will consider itself a fiduciary under ERISA with respect to the recommendations provided to the plan.

10. **What percentage of your plan clients utilize money managers, investment funds, brokerage services or other service providers from whom you receive fees?**

As this information is subject to change, upon request the firm is happy to provide clients and prospective clients specific information regarding the percentage of CSG's plan clients that utilize TSG for some form of commission recapture as well as information regarding the money managers recommended by CSG that may trade through TSG. For additional details, please call our compliance department at 901-761-8080.