

**Part 2A of Form ADV: *Firm Brochure***

**The Putney Financial Group LLC**

Registered Investment Advisors

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March 28, 2024

This brochure provides information about the qualifications and business practices of The Putney Financial Group LLC (“The Putney Financial Group,” “Firm,” “we”). If you have any questions about the contents of this brochure, please contact us at (415) 460-1990. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about The Putney Financial Group LLC also is available on the SEC's website at <http://www.adviserinfo.sec.gov> or FINRA's broker check at <https://brokercheck.finra.org>. You can search the SEC site by a unique identifying number, known as a CRD number. Our Firm's CRD number is 111639. The Firm's unique SEC number is 801-62638.

## **Item 2      Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify clients and provide a description of the material changes. Generally, we will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document. This Firm Brochure provides you with a summary of The Putney Financial Group LLC's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform clients of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our Firm's fiscal year end (FYE) of December 31. We will provide our clients with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide our clients with our revised Brochure that will include a summary of any material changes in this Item.
2. Material Changes: Should a material change in our operations occur, depending on its nature, we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; and significant changes to our advisory services or advisory affiliates - any information that is critical to a client's full understanding of who we are, how to find us, and how we do business. Since the last annual filing of our Brochure on March 1, 2023, there have been the following material change has been made:
  - On February 28, 2024, Raymond Lawrence Lent (DBA The Putney Financial Group), a Sole Proprietor, submitted an Offer of Settlement to the SEC staff but it is still pending and Mr. Lent is waiting for approval by the SEC Commissioners.
3. Additional editorial and non-material changes were made throughout this Brochure since the last annual filing, including but not limited to the following:
  - Ray Lent, together with his spouse, are no longer owners of Portsmouth-Smartlife Financial Group, LLC and Ray Lent no longer serves as a member of the Board of Directors, and
  - While our advisory fees are subject to negotiation on a client-by-client basis, our stated fee schedule has been updated, as reflected in this Brochure.

The revised Firm Brochure will be available since our last delivery or posting of this Brochure on the SEC's public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or clients may contact our office at the number or by email listed on the cover page of this Firm Brochure to obtain a copy.

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## **Item 4      Advisory Business**

The Putney Financial Group, a limited liability company is an SEC-registered investment advisor with its principal place of business located in California. Raymond L. Lent began conducting business in San Rafael in 1997. The Putney Financial Group LLC is wholly owned by Raymond L. Lent. Mr. Lent controls 100% of the company.

The Putney Financial Group LLC offers the following advisory services to its clients:

### **INVESTMENT SUPERVISORY SERVICES ("ISS")**

#### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our Firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. When appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage our advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, socially responsible industries, or general industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Variable life insurance
- Variable annuities
- Mutual funds shares
- United States government securities
- Options contracts on securities
- Interests in partnerships investing in real estate or equipment leasing companies, both publicly and non-publicly traded
- Exchange-traded funds
- Exchange-traded notes
- Municipal securities
- Certificates of deposit, non-publicly traded securities, alternative investments
- Fixed Income Investments
- Structured Notes

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity, and suitability.

## **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information, and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client in achieving his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending habits along with current and future cash flow requirements. Future projections are then illustrated based on assumed rates for portfolio returns, inflation and withdrawal rates. Projections for government benefits (e.g., Social Security) and private pension plans are included, if appropriate.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, and long-term care.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals. We will recommend appropriate modifications which, in our opinion, are necessary to achieve those goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid, and elder law. Additionally, we help our clients develop strategies appropriate to meeting their philanthropic and legacy aspirations.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning, which may include

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Variable life insurance
- Variable annuities
- Mutual funds shares
- United States government securities
- Options contracts on securities
- Interests in partnerships investing in real estate or equipment leasing companies, both publicly and non-publicly traded
- Exchange-traded funds
- Exchange-traded notes
- Municipal securities
- Fixed Income Investments
- Certificates of deposit, non-publicly traded securities, alternative investments

Typically, the financial plan is presented to the client within three months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

## **IRA ROLLOVER RECOMMENDATIONS**

For the purpose of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") when applicable, we are providing the following acknowledgment to clients. When we provide investment advice to clients regarding their retirement plan account or individual retirement account, we are a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under an exemption that requires us to act in the clients' best interest and not put our interest ahead of the clients. Under this exemption, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of the clients when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in the clients' best interest;
- Charge no more than is reasonable for our services; and
- Give the clients basic information about conflicts of interest.

We benefit financially from the rollover of the clients' assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in the clients' best interest.

### AMOUNT OF MANAGED ASSETS

As of 12/31/23, we have \$177,105,756 in regulatory assets under management, \$174,913,909 of which are managed on a discretionary basis and \$2,191,847 on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### INVESTMENT SUPERVISORY SERVICES ("ISS")

#### **INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

The annualized fees for Investment Supervisory Services are charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$1 - \$500,000	2.00%
\$500,001 - \$1,000,000	1.35%
\$1,000,001 - \$1,500,000	1.20%
\$1,500,001 - \$3,000,000	1.00%
\$3,000,001 - \$5,000,000	0.85%
Over \$5 million	negotiable

Accounts are aggregated in order to achieve the lowest fee tier. For example, if an account is worth \$750,000, the quarterly fee would be \$3,343.75. This is calculated as follows: the first \$500,000 is billed at 2% annually (\$2,500 quarterly), then the remaining amount of \$250,000 is billed at 1.35% annually (\$843.75).

Our fees are billed in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Fees will be debited from the brokerage account in accordance with the client authorization in the Agreement of Engagement.

*Negotiability of Advisory Fees:* Although The Putney Financial Group LLC has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client's portfolio, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule for each client is identified in the Agreement of Engagement, the contract executed by the adviser and each client.

Discounts, not generally available to our advisory clients, may be offered to employees and their family members.

## **FINANCIAL PLANNING FEES**

The Putney Financial Group LLC's financial planning fees are determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. Generally, the Putney Financial Group LLC's financial planning services are included in the investment advisory fee (described above). On occasion, the Putney Financial Group LLC may charge an hourly or fixed fee for stand-alone financial planning services.

## **GENERAL INFORMATION**

*Termination of the Advisory Relationship:* A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any accrued fees will be billed up to the business day prior to the date of termination notification.

*Mutual Fund Fees:* The Putney Financial Group LLC does not receive any 12b-1 fees. Mutual funds generally offer a variety of different fund share classes with different fee structures. Each share class of a fund represents an interest in the same portfolio of securities. Some share classes charge a 12b-1 fee from its assets for shareholder services, distribution, and marketing expenses. A lower cost share class available that does not charge a 12b-1 fee might exist. It is usually in the client's best interest to invest in a lower cost share class because the returns would not be reduced by the 12b-1 fee charged by the fund. Whenever possible, The Putney Financial Group LLC uses institutional class mutual funds to eliminate the 12b-1 fees or will choose a share class that does not charge a fee, if one is available. If a client holds a position in a class of a mutual fund in a Putney managed account that does pay a 12b-1 fee, that fee is automatically refunded in total to the client's account. This process is conducted automatically by the client account's custodian.

All fees paid to The Putney Financial Group LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or exchange-traded funds (ETFs) to their shareholders. If the mutual fund was purchased prior to working with The Putney Financial Group LLC and previously imposed sales charges, a client may pay an initial or deferred sales charge. (If the fund is purchased inside a Putney Financial Group LLC advisory account, it will be delivered at net asset value, free of any sales commission assessed by the fund.) A client could invest in a mutual fund directly without our services. In that case, the client would not receive the services provided by our Firm which are designed, among other things, to assist the client in determining which mutual funds are most appropriate to each client's financial condition and objectives. Clients have the option to purchase investment products recommended by The Putney Financial Group LLC through another broker who is not affiliated with The Putney Financial Group LLC.

*Sales Commissions:* Firm associates, Ray Lent, A.J. Taylor, Kelly Lawson, and Terry Allen maintain California life and health insurance licenses and are eligible to be compensated by insurance companies. Firm associates, Ray Lent, A.J. Taylor, Kelly Lawson, and Terry Allen are Registered Representatives of Portsmouth Financial Services, Inc., FINRA broker-dealer, CRD #13980. If they act in the capacity of a Registered Representative of the broker-dealer, they will receive brokerage commissions on certain assets purchased, including variable annuities, non-publicly traded securities, and private placements. This commission arrangement presents a conflict of interest between their fiduciary duty to provide



unbiased advice to clients and their interest in receiving commissions. Nonetheless, The Putney Financial Group LLC strives to act in its clients' best interest and carefully tracks all commissions received by Putney firm associates.

When a Putney Financial Group LLC firm associate receives a sales commission on an asset purchased in a client's portfolio, the advisory fee for the assets acquired will be waived. Sales commissions on such products can range from 0.75 – 10 percent and will only be recommended if it is deemed to be in the client's best interest after a comprehensive written analysis has been prepared comparing the costs and fees associated with comparable vehicles. Copies of these analysis' will always be provided to the client for their inspection and review.

This commission arrangement, including the related conflict of interest, is discussed during the client engagement process, and is described in the client's Agreement of Engagement.

*Additional Fees and Expenses:* In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Firm Brochure for additional information. Some of these custodial fees include (but are not limited to) a fee to send a wire, inactive account fee, annual IRA maintenance fee, returned check fee, among others. An itemized list of these broker dealer fees is available upon request.

*Grandfathering of Minimum Account Requirements and Advisory Fees:* Pre-existing advisory clients are subject to The Putney Financial Group's minimum account requirements and advisory fee schedule in effect at the time the client entered into the advisory relationship, or as negotiated directly with the client. Therefore, minimum account requirements and advisory fee schedules will differ among clients.

*ERISA Accounts:* The Putney Financial Group LLC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our Firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, The Putney Financial Group LLC does not charge fees for investment advice rendered on products for which the Firm and/or our related persons received a commission for a period of 12 months after purchase of such product(s). After the first twelve months, fees will be calculated at a rate of 1% per year if the client elects in writing to continue receiving active investment advice on the asset as a legacy client who engaged Putney prior to March 25, 2024. The Putney Financial Group LLC does not receive any 12b-1 fees. Please refer to the Mutual Fund Section above for a description of the policies of Putney regarding 12b-1 fees for all Putney Managed accounts including ERISA accounts held at the client account's custodian.

*Advisory Fees in General:* Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers at varying fee schedules, both higher and lower.

*Limited Prepayment of Fees:* The Putney Financial Group LLC does not require or solicit payment of fees in advance for services rendered.

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

The Putney Financial Group LLC does not charge performance-based fees (fees based on a share of the capital gains or capital appreciation of managed securities).

“Side-by-Side Management” refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management, hourly charges, fixed fees (not including subscription fees) and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because we have no performance-based fee accounts, it does not engage in side-by-side management.

## **Item 7      Types of Clients**

The Putney Financial Group LLC provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Charitable trusts

Generally, a minimum of \$250,000 of assets under management is required to establish a client relationship with the Putney Financial Group LLC. This account size may be negotiable by Putney Financial Group LLC and Putney Financial Group LLC may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

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

### ***METHODS OF ANALYSIS***

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

*Fundamental Analysis.* We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

*Cyclical Analysis.* In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

*Quantitative Analysis.* We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

*Qualitative Analysis.* We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

*Asset Allocation.* Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

*Mutual Fund and/or ETF Analysis.*

We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in differing economic conditions.

We will review the share classes that are offered by the fund to ensure that clients are not being charged 12b-1 fees where a non-fee class is offered. A 12b-1 fee is a fee that is paid by a mutual fund on an ongoing basis from its assets for shareholder services, distribution, and marketing expenses. Each share class of a fund represents an interest in the same portfolio of securities. Putney will review mutual fund investments to determine which share class selection will most benefit or be most appropriate for the client. If a 12b-1 fee is charged to a client who has a Putney managed account held at the Broker-Dealer affiliate the 12b-1 fee will automatically be credited back to the client's account. This is an automatic process conducted by the client brokerage account's custodian, Pershing.

We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

*Risks for all forms of analysis.* Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly

available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### ***INVESTMENT STRATEGIES***

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

*Long-term purchases.* We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- We believe the securities to be currently undervalued, and/or
- We want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

*Short-term purchases.* When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short period of time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

*Option writing.* Options can be used as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative because it derives its value from an underlying asset.

The two types of options that we use are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

Options can be used to capitalize on sharp price swings of a security. They can also be used to "hedge" a purchase of an underlying security; in other words, one can use an option purchase to limit the potential upside and downside of a security that has been purchased in a portfolio.

At times we use "covered calls," in which we sell an option on a security owned by the client. In this strategy, the client's account receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed-upon price.

At times we can use a "spreading strategy," in which we purchase two or more option contracts (for example, a call option that one buys and a call option that one sells) for the same underlying security.

This effectively puts the client on both sides of the market, but with the ability to vary price, time, and other factors.

*Risk of Loss.* Securities investments are not guaranteed, and investors may lose money on their investments. We ask that clients work with us to help us understand their tolerance for risk.

The information contained in this brochure cannot disclose every potential risk associated with an investment strategy, nor all of the risks applicable to a particular manager, security, or investment. Risks vary by client according to their investment objectives, guidelines, liquidity needs or risk tolerance and not every strategy or portfolio will be exposed to each of the risks described in this brochure. This list is not intended to be exhaustive of all of the risks associated with investing in strategies or securities that are utilized or recommended by Putney. Rather, it is a general description of the nature and risks of the investment advisory services provided by Putney and the related investments.

## **Item 9      Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

At times during the period January 1, 2014 to June 7, 2018, Portsmouth Financial Services, Inc., Putney's affiliated broker/dealer, purchased, recommended, or held for our advisory clients' mutual fund share classes that charged 12b-1 fees instead of lower-cost share classes of the same funds for which our clients were eligible, although these shares were always delivered at net asset value (NAV). Portsmouth received 12b-1 fees as a result of these investments. This practice should have been disclosed to our clients in our Form ADV but was not. Portsmouth self-reported the error to the SEC and settled the matter by paying disgorgement and prejudgment interest totaling \$43,034.83 to our affected clients and by modifying our practices. The SEC did not impose any civil penalties upon the Firm for our error. Please see Item 8 for our current practice regarding mutual funds and 12b-1 fees.

On February 28, 2024, Raymond Lawrence Lent (DBA The Putney Financial Group), a Sole Proprietor, submitted an Offer of Settlement with the SEC staff but it is still pending and Mr. Lent is waiting for approval by the SEC Commissioners.

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

The Putney Financial Group LLC strives to act in our clients' best interest. As part of our fiduciary duty as a Registered Investment Advisor, our Firm takes the following steps:

- We collect, maintain and document accurate, complete, and relevant client background information, including the client's financial goals, objectives, and risk tolerance;
- Our Firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- We disclose to clients the existence of all material conflicts of interest, including the potential for our Firm and our employees to earn compensation from the sale of products where the plan sponsor pays a sales commission in addition to our Firm's advisory fees (We do not charge a management fee on the market value of the product in the same twelve-month period that we earned a sales commission.);

- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interest in such activities are properly addressed.
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our Firm; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

The Putney Financial Group LLC, along with its employees, has several financial industry activities and affiliations.

Ray Lent, together with his spouse, are sole owners of Portsmouth Financial Services Inc. (“Portsmouth,” “PFS”), a San Francisco-based FINRA member broker-dealer (CRD #13980). Portsmouth Financial Services, Inc. is dually licensed as a California state Investment Advisor (“IA”) and a FINRA broker-dealer (“BD”). The Portsmouth California IA is in the process of transferring its assets under management and Investment Adviser Representatives (“IAR”) to a separate SEC registered IA firm, Portsmouth-Smartlife Financial Group, LLC (SEC# 801-119231). Once the Portsmouth California IA withdraws its business from the state of California, this will leave PFS as a FINRA broker-dealer only. Ray Lent does not perform advisory services or act as an Investment Advisor Representative for Portsmouth-Smartlife Financial Group. Investment advisory services are provided to clients through the Putney Financial Group LLC.

Portsmouth Financial Services, a FINRA member broker-dealer, acts as an introducing broker for securities portfolio transactions in client accounts custodied by Pershing LLC. When such client accounts transact in the purchase or sale of stocks, bonds, or mutual funds, a portion of the clearing costs charged to the client’s account will be paid to PFS. These clearing costs, which are described in each client’s Agreement of Engagement, provide revenue to PFS that would not exist if Putney did not utilize PFS as the broker-dealer. Additionally, when client funds are swept into money market funds, PFS receives compensation in the form of distribution assistance based on a percentage of such holdings made. It is Putney’s policy to select the money market fund that pays the highest amount of interest to the client given the minimum investment required. At times, this selection results in PFS receiving greater compensation than what it would receive from a money market fund offering a lower interest rate to the client. PFS will also receive fees for directing certain securities transactions for Putney advisory clients to its affiliates. PFS uses an affiliate to provide preferred investment products or services and/or to access products which are not available through the custodian. Lastly, as PFS will receive volume discounts on clearing charges, Putney also has an incentive to direct client trades to PFS instead of other brokers. As Mr. Lent will participate in the profits of Portsmouth, he will strive to provide unbiased advise and provide services that are in his advisory clients’ best interest over his own.

As owners of PFS, Ray Lent, together with his spouse, will participate in the profits of both entities. This presents a conflict of interest between Mr. Lent’s fiduciary duty to provide unbiased advice to clients and his interest in receiving profits from PFS. Nevertheless, Ray Lent only provides investment advisory services to clients through his firm, The Putney Financial Group LLC. The Putney Financial Group LLC strives to act in its clients’ best interest and conducts a review of all brokerage relationships in light of best execution on an ongoing and annual basis.

Firm associates Ray Lent, Kelly Lawson, A.J. Taylor, and Terry Allen are separately licensed as Registered Representatives (“RRs”) of PFS. In their capacity as Registered Representatives, these

individuals can effect securities transactions for which they will receive customary compensation, such as sales commissions for the sale of variable products, limited partnerships, and non-publicly traded securities. Should a commission be paid, no management fees will be charged to advisory clients. Sales commissions on such products can range from 0.75 - 10 percent and will only be recommended if it is deemed to be in the client's best interest after a comprehensive written analysis has been prepared comparing the costs and fees associated with comparable vehicles. Copies of these analysis' will always be provided to the client for their inspection and review. After the first twelve months, fees will be calculated at a rate of 1% per year if the client elects in writing to continue receiving active investment advice on the asset as a legacy client who engaged Putney prior to March 25, 2024.

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

In addition to strict compliance with applicable and federal securities laws, our Firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. The Putney Financial Group LLC and its personnel owe a duty of loyalty, fairness, and good faith towards its clients, and have an obligation to adhere, not only to the specific provisions of the Code of Ethics, but to the general principles that guide the Code.

Our Written Supervisory Procedures (WSP) includes office policies and procedures to review quarterly securities transactions reports that must be submitted by the Firm's access persons. Among other things, our policies and procedures also require prior approval of any acquisition of securities in a limited offering (e.g., private placement). It also provides for oversight, enforcement, and recordkeeping provisions. Our policies and procedures are designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our Firm and/or individuals associated with our Firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. However, it is the expressed policy of our Firm that no person employed by us may knowingly purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

The Putney Financial Group LLC's policies and procedures further include the Firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients by calling us at (415) 460-1990.

The Putney Financial Group LLC and individuals associated with our Firm are prohibited from engaging in principal transactions.

The Putney Financial Group LLC and individuals associated with our Firm do not intentionally engage in agency cross transactions.

As disclosed in Item 10, related persons of our Firm are separately registered as Registered Representatives of Portsmouth Financial Services and are also licensed as insurance agents. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

We do not recommend or select other investment advisers for our clients or receive compensation directly or indirectly from those advisers.

## **Item 12 Brokerage Practices**

The Putney Financial Group LLC strives to act in its clients' best interest.

The Putney Financial Group LLC does not have any soft-dollar arrangements and does not receive any soft-dollar benefits. Putney clients are not obligated to purchase recommended investment products from Putney employees or affiliated companies.

The Putney Financial Group LLC currently directs most of its brokerage to Portsmouth Financial Services, with Pershing LLC as custodian. Putney executes transactions through Portsmouth Financial Services, Inc. ("PFS") (an introducing broker/dealer, clearing through Pershing LLC) and normally does not accept directed orders from clients. Not all advisers require or accept client's directed brokerage orders. By directing brokerage orders to PFS, Putney seeks to achieve the most favorable execution but, may be unable to achieve the lowest cost of client transactions. In light of this, Putney seeks to ensure that PFS and Pershing continue to deliver the highest level of personalized and direct services for the fees charged.

Putney considers both quantitative and qualitative factors when evaluating the execution quality of a broker. As a result, Putney may choose one broker-dealer over another even though one might charge more to transact customer executions. Putney may determine that the brokerage fees charged are reasonable in relation to the overall value of the services rendered.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best execution, taking into consideration the full range of a financial institution's services. A review of best execution will occur annually, be documented, and will include a review of all brokers utilized by the Firm. During the review, a broad range of a broker's services will be taken into consideration.

As noted in Item 10, Firm associates, Ray Lent, Kelly Lawson, A.J. Taylor, and Terry Allen are separately licensed as Registered Representatives ("RRs") of PFS. In their capacity as RRs, these individuals can affect securities transactions for which they will receive customary compensation, such as sales commissions for the sale of variable products, non-publicly traded securities, and private placements. Should a commission be paid, no management fees will be charged to advisory clients. Sales commissions on such products can range from 0.75 – 10 percent and will only be recommended if it is deemed to be in the client's best interest after a comprehensive written analysis has been prepared comparing the costs and fees associated with comparable vehicles. Copies of these analysis' will always be provided to the client for their inspection and review. After the first twelve months, fees will be calculated at a rate of 1% per year if the client elects in writing to continue receiving active investment advice on the asset as a legacy client who engaged Putney prior to March 25, 2024.

Putney employees who are Registered Representatives of PFS do not receive any commissions on the purchase or sale of stocks, bonds, or mutual funds in client accounts. However, when transactions in stocks, bonds, and mutual funds are cleared by Pershing, a portion of the clearing costs charged to the client's account will be paid to PFS and not to Putney. These clearing costs, which are described in each



client's Agreement of Engagement, could be higher than the clearing costs charged by discount and online brokers but are offset by a high level of service.

As noted in Item 10, Ray Lent, together with his spouse, are sole owners of PFS.

As a matter of policy and practice, amendments or limitations to discretionary authority must be provided to the Firm by the client. In the event The Putney Financial Group LLC does sell/buy a large block of stock for multiple clients on the same day, they will make sure that each client that participates receives an equal average price.

## **Item 13      Review of Accounts**

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

*REVIEWS:* While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these portfolios are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables, such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by Ray Lent, Kelly Lawson, A.J. Taylor, Nancy Schrock, and Terry Allen.

*REPORTS:* In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer or custodian, The Putney Financial Group LLC provides quarterly reports summarizing account performance, quarter end market value balances and holdings, and include their fee invoice. These quarterly reports are usually mailed to the client, or can be sent via e-mail, if requested.

### **FINANCIAL PLANNING SERVICES**

*REVIEWS:* While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

*REPORTS:* Financial Planning clients will receive a completed financial plan. Reports will not typically be provided unless otherwise contracted for.

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

It is The Putney Financial Group LLC's policy not to accept or allow our related persons to accept any form of substantial compensation, including cash, sales awards, or other prizes, from a non-client in conjunction with the advisory services we provide to our clients. Additionally, we do not compensate for client referrals.

Firm associates receive compensation for the sale of securities to clients as registered representatives of Portsmouth Financial Services, Inc., a FINRA broker-dealer. See Items 5, 10 and 12 for additional details.

## **Item 15      Custody**

As previously disclosed in the "Fees and Compensation" section (Item 5) of this Firm Brochure, our

Firm's custodians directly debit our advisory fees from client brokerage accounts. We are deemed to have custody of client assets solely because of our ability to direct custodians to debit our advisory fees from client accounts. Our Firm does not have actual or constructive custody of client accounts.

As part of our billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. Clients will receive statements from a qualified custodian on at least a quarterly basis. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. The quarterly report from The Putney Financial Group LLC includes a billing invoice to show exactly how the management fee was calculated.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, our Firm also sends reconciled account appraisals directly to our clients on a quarterly basis. Our clients are urged to carefully compare the information provided in these statements to ensure that all account transactions, holdings, and values are correct and current.

Most client brokerage account securities are held at Pershing LLC, which is not affiliated with The Putney Financial Group LLC or Portsmouth Financial Services. Client annuity funds are held at the insurance company that issued the annuity contract. Any limited partnership holdings are held at the issuing company or at Pershing LLC.

## **Item 16 Investment Discretion**

The majority of our clients hire us to provide discretionary asset management services. In providing these services, we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of security to buy or sell.

The Putney Financial Group LLC requires that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold in a client's account.

Clients give us discretionary authority when they sign a discretionary agreement with our Firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions. For instance, clients may impose social screens such as not investing in alcohol, tobacco, oil, and gas companies, etc. Clients are free to accept or reject any recommendations.

In a non-discretionary asset management service, we must obtain client approval prior to placing any transactions in client accounts.

## **Item 17 Voting Client Securities**

As a matter of Firm policy, we do not vote proxies on behalf of clients. Therefore, although our Firm may provide investment advisory services relative to client investment assets, 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. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

In addition, as a general policy, we do not elect to participate in class action lawsuits on behalf of a client. Rather, such decisions shall remain with the client or with an entity the client designates. We may assist the client in determining whether they should pursue a particular class action lawsuit by assisting with the development of an applicable cost-benefit analysis, for example. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall generally rest with the client.

## **Item 18 Financial Information**

It is the policy of this Firm to bill fees in arrears for services previously rendered. Under no circumstances do we require or solicit payment of fees in advance of services rendered and, as such, there is no financial statement with our Firm brochure. As an advisory firm that maintains discretionary authority for client accounts, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. The Putney Financial Group LLC has no additional financial circumstances to report. The Putney Financial Group LLC has not been the subject of a bankruptcy petition at any time during the past ten years.