

**Item 1: Cover Page of Part 2A of Form ADV: *Firm Brochure***

**Partners Capital Services, Inc.**

CRD Number: 127621

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March 25, 2024

This brochure provides information about the qualifications and business practices of Partners Capital Services, Inc. If you have any questions about the contents of this brochure, please contact us at 631-851-0918 or [sschneider@partcapservices.com](mailto:sschneider@partcapservices.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Partners Capital Services, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for Partners Capital Services, Inc. is 127621.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

## **Item 2     Material Changes**

This Item discusses only the material changes that have occurred since the last update of the Firm Brochure on January 18, 2023. This ADV 2A contains no material changes.

Partners Capital Services, Inc. encourages all clients to review the entire Firm Brochure.

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## **Item 4     Advisory Business**

Partners Capital Services, Inc. (“PCS”, “firm”, “we”, “us” or “our”) is a SEC registered investment adviser with its principal place of business located in New York. Partners Capital Services, Inc. began conducting business in 2004.

The firm's principal shareholders are:

- Edward M Cahill, President
- Anthony M Gardini, Owner

Partners Capital Services, Inc. offers the following advisory services to our clients:

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

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

We manage these advisory accounts on a discretionary and 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, or industry sectors.

Once the client's portfolio has been established, we review the portfolio periodically, and if necessary, rebalance the portfolio on an annual basis, based on the client's individual needs.

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

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities

- Options contracts on securities

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

### **AMOUNT OF MANAGED ASSETS**

PCS manages assets on a discretionary and non-discretionary basis. As of December 31, 2023, we were actively managing approximately \$138,515,000 of client's assets on a non-discretionary basis either managed by PCS through RBC's Advisor program (client directed), RBC's Unified Portfolio Program, Consulting Solutions Program or the Unbundled Managed Account Solutions. Other assets are managed by third party managers such as Connectus LLC, (formerly North Coast Asset Management). Approximately \$3,964,000 in 11 accounts is directly managed by Connectus and custodied at Fidelity. As of December 31, 2023, approximately \$302,000 is being managed on a discretionary basis.

## **Item 5 Fees and Compensation**

### **INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT FEES/PORTFOLIO MANAGEMENT SERVICES FEES**

Partners Capital Services, Inc. utilizes the fee-based services of RBC Clearing and Custody (RBC C&C) for portfolio management through PCS. The first program is the Advisory Account, which is a non-discretionary customer directed fee-based account. The fee is calculated as a percentage of the assets under management. The second program is the Unified Portfolio Program which is a unified managed account program that allows clients to bring their investments together in one account. The third program is Consulting Solutions, which is a wrap-fee program that gives clients access to private account managers from top institutional money managers. The fourth program is Unbundled Managed Account Solutions which offers PCS the operational systems to facilitate certain third-party fee-based account programs for our clients. PCS also utilizes outside third-party managers directly through Connectus, in which a portion of the customer's fee is utilized to provide Connectus a fee for a particular money manager as selected by the customer for a particular investment strategy. The Customer is advised that a portion of the negotiated fee being charged for their services goes directly to RBC and Connectus.

Our fees for Investment Supervisory Services are based upon a percentage of assets under management, services provided, whether the portfolio is managed by a third party and generally range from 0.75% to 2.50% annually. Fees will be deducted directly from the client's account generally at the beginning of the quarter or billed quarterly depending on the needs of the client. For example, a 1.0% fee could consist of a 0.25% fee for a third party portfolio manager and 0.75% for the advisor. Accounts will also

incur annual fees from the broker-dealer if the account does not meet the broker-dealers threshold for fee waiver. Certain accounts depending on their program may incur per trade ticket charges.

Partners Capital Services, Inc. has a suggested minimum account size of \$25,000 for the Individual Portfolio management (managed by Partners Capital Services, Inc./Agents) and a suggested minimum account size of \$100,000 for the Portfolio Management Service (Third Party/Selection of Advisor and monitor) such as the Consulting Solutions Program. We may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Partners Capital Services, Inc. utilizes the Wealth Management Platform offered through RBC Clearing and Custody. As stated above the first program will consist of the Advisory Account, which is a customer directed fee-based account calculated as a percentage of the assets under management. Clients participating in the Advisor Program are charged one fee, negotiated with the customer, which includes RBC's Clearing Broker Service Fee (that is determined by the amount of assets under management) and PCS' advisory fee.

The remaining programs will manage the portfolio for a fee calculated as a percentage of the assets under management. Clients participating in the programs are charged one fee that includes any RBC's Clearing and Custody fees, Broker Service fees, PCS' advisory fees, and any third-party manager fees. RBC has participating Money Managers for various strategies such as Large Cap Growth, Small Cap Value, Global and International Equities as well as Fixed Income portfolios along with a vast array of network eligible fund families.

The third-party manager services of Connectus where accounts are held at Fidelity Investments may also be utilized. Clients participating in these programs are charged a management fee, which is a portion of the PCS' management fee. The fees are negotiated with the client.

***Limited Negotiability of Advisory Fees:*** Partners Capital Services, Inc. retains the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee charged. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

## **Other Revenue**

Management personnel and other related persons of our firm are licensed as registered representatives of a broker-dealer and, acting in that capacity, they can implement transactions for our advisory clients in the clients' commission-based account(s) held at American Capital Partners LLC. In so doing, these individuals will earn separate compensation in the form of commissions and/or 12b-1 fees (trail fees earned from the sale of mutual funds and/or ETFs).

While these individuals endeavor at all times to put the interest of the clients first as part of Partners Capital Services, Inc.'s fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect the judgment of these individuals when making recommendations. Clients, however, are not under any obligation to engage these individuals when considering the implementation of advisory recommendations.

Management personnel and other related persons of our firm are licensed insurance agents, in which capacities each of them may receive compensation from the sale of insurance products.

The activities of management personnel and other related persons of our firm as insurance product agents represent a conflict of interest. They each have an incentive to recommend to a client that the client purchase insurance products based on their ability to receive compensation from any such purchases, rather than based on a clients' needs. No client is required to purchase such products through any of the firm's associated persons, and each client has the option to purchase those products through other brokers or agents that are not affiliated with the firm. The firm's fees are in addition to any compensation that is paid to any of the firm's associated persons for the sale of the insurance products referenced in this section. The firm will not reduce its advisory fee to offset any such compensation.

## **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be terminated at any time, by either party, for any reason upon receipt of written notice and no termination fee is charged. However, if the account is an IRA account it will incur an IRA account closure fee from the clearing firm RBC. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

***Mutual Fund Fees:*** All fees paid to Partners Capital Services, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or EFTs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management

fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. 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 fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Wrap Fee Programs and Separately Managed Account Fees:*** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

***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 or ticket 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 Form ADV for additional information.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to Partners Capital Services, Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

***ERISA Accounts:*** Partners Capital Services, Inc. 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/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. 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, Partners Capital Services, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Partners Capital Services, Inc.'s advisory fees.



**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

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

Partners Capital Services, Inc. does not charge performance-based fees or engage in side by side management.

## **Item 7 Types of Clients**

Partners Capital Services, Inc. provides advisory services to the following types of clients:

- Individuals
- High net worth individuals
- Small Businesses
- Corporations
- Trusts

RBC has established certain initial minimum and maintenance account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided for each applicable service.

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

### **METHODS OF ANALYSIS**

Partners Capital Services, Inc. registered agents (“we”) may use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Charting.** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

**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.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may not be identified by this analysis and underperform.

**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.

**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 different economic conditions. 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.

**Third-Party Money Manager Analysis.** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We may monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**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 a recommendation to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short 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.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Trading.** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Utilizing a trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. Moreover, under those circumstances, we are left with few options:

- having a long-term investment in a security that was designed to be a short-term purchase, or
- the potential of having to take a loss.

In addition, because this strategy involves more frequent trading than does a longer-term strategy, there will be a resultant increase in brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Short sales.** We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Short selling results in some unique risks:

*Losses can be infinite.* A short sale loses when the stock price rises, and a stock is not limited (at least, theoretically) in how high it can go. For example, if you short 100 shares at \$50 each, hoping to make a profit but the shares increase to \$75 per share, you'd lose \$2,500. On the other hand, the price of a stock cannot fall below \$0, which limits your potential upside.

*Short squeezes can wring out profits.* As stock prices increase, short seller losses also increase as sellers rush to buy the stock to cover their positions. This increase in demand, in turn, further drives the prices up.

*Timing.* Even if we are correct in determining that the price of a stock will decline, we run the risk of incorrectly determining when the decline will take place, i.e., being right too soon. Although a company is overvalued, it could conceivably take some time for the price to come down; during which you are vulnerable to interest, margin calls, etc.

*Inflation.* History has shown that over the long term, most stocks appreciate. Even if a company barely improves over time, inflation should drive its share price up somewhat. In fact, short selling may not be appropriate in times of inflation for that very reason, as prices may adjust upwards regardless of the value of the stock.

**Margin transactions.** We will purchase stocks for your portfolio with money borrowed in your account. This allows you to purchase more stock than you would be able to with your available cash and allows us to purchase stock without selling other holdings. Margin leverage increases the potential magnitude of portfolio fluctuations. It magnifies investment risks and can exacerbate liquidity problems in market downturns. Leverage may also complicate a client's portfolio structure due to obligations to creditors and counterparties and it can increase the risk to a client or investment due to the actions of these parties. In particular, dependence on leverage creates the risk that the client will be unable to meet its obligations should access to credit become limited due to broader market conditions.

**Option writing.** We may use options 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 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 us 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.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on a security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price. We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited. Options involve qualitatively different risks than owning or selling short the underlying common stock. Because option premiums paid or received by an investor are small in relation to the market value of the investments underlying the options, trading put and call options is highly leveraged (See Margin above). Selling options generally entails considerably greater risk than purchasing options as the seller may sustain losses well in excess of the fixed premium received. If the market or the underlying interest moves unfavorably, the seller may need to contribute additional margin to maintain the position. Additionally, if the purchaser exercises the option, the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If, however, the position is "covered" by the seller by holding a corresponding position in the underlying interest, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

**Market Risk.** The price of a security, equity, ETF, option, bond, or mutual 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. Significant market disruptions, such as those caused by pandemics, natural or environmental disasters, war, acts of terrorism, or other events, can adversely

affect local and global markets and normal market operations. Market disruptions may exacerbate political, social, and economic risks.

***Exchange Traded Funds Risk (ETFs)*** - ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly traded companies and the market price for a share of an ETF may fluctuate from the value of its underlying securities. Consequently, ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the “spread”, which generally varies based on the ETF’s trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940, some ETFs, in particular those that invest in commodities, are not registered as an investment company.

***Leveraged and Inverse ETFs, ETNs and Mutual Funds Risk:*** Leveraged ETFs, ETNs and mutual funds, sometimes labeled “ultra” or “2x” for example, are designed to provide a multiple of the underlying index’s return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual resetting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions are magnified over time. Because of these distortions, these products should be actively monitored, as frequently as daily, and may not be appropriate as an intermediate or long-term holding. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax efficient than more traditional ETFs, ETNs and mutual funds. Holding leveraged ETFs for longer time periods increases the risk of loss. Currently, PCS does not recommend or invest in leveraged and inverse ETFs. However, they may be utilized by third-party managers through their portfolios.

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

## **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 the present time this is not applicable, there are no material events.

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

Management personnel of Partners Capital Services, Inc. are separately licensed as registered representatives of American Capital Partners, LLC, an affiliated broker-dealer. These individuals, in their separate capacity, can effect securities transactions in non PCS brokerage accounts, for which they will receive separate, yet customary compensation. Management personnel and other related persons of our firm are licensed insurance agents, in which capacities each of them may receive compensation from the sale of insurance products.

The activities of management personnel and other related persons of our firm as insurance product agents and registered representatives represent a conflict of interest. They each have an incentive to recommend to a client that the client purchase insurance and other products based on their ability to receive compensation from any such purchases, rather than based on a clients' needs. In an effort to address this conflict, it is firm policy that any such transactions are on terms that are acceptable for the industry and that those transactions must be suitable for the client's needs. No client is required to purchase such products through any of the firm's associated persons, and each client has the option to purchase those products through other brokers or agents that are not affiliated with the firm. The firm's fees are in addition to any compensation that is paid to any of the firm's associated persons for the sale of the insurance or other products referenced in this section. The firm will not reduce its advisory fee to offset any such compensation.

A dually registered representative, Robert Dahroug, with Partners Capital Services Inc. and American Capital Partners, LLC, an affiliated broker-dealer, received a forgivable loan from American Capital Partners, LLC of \$35,000 on August 26, 2020. The loan is forgivable at a rate of 20% per year provided Mr. Dahroug continues to be employed by American Capital Partners, LLC; however, in the event Mr. Dahroug's employment with American Capital Partners, LLC terminates, the forgivable loan is immediately due. Although the forgivable loan is not contingent on Mr. Dahrong's employment with the Partners Capital Services Inc., this presents a conflict of interest in that Mr. Dahroug has a financial incentive to indirectly maintain his relationship with Partners Capital Services Inc. by staying employed with American Capital Partners, LLC in addition to his regular compensation.

ACP Venture Capital Management Fund LLC is an exempt reporting advisor that provides investment management services to private fund entities. These funds are distributed by American Capital Partners, LLC to its clients. Partners Capital Services Inc. does not offer private funds however some personnel of our firm serve as the

managing members of ACP Venture Capital Management Fund LLC. Partners Capital Services Inc. offers no services to ACP Venture Capital Management Fund LLC and ACP Venture Capital Management Fund LLC offers no services to Partners Capital Services Inc.

While Partners Capital Services, Inc. and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect the judgment of these individuals when making recommendations.

Clients should be aware that the receipt of additional compensation by Partners Capital Services, Inc. and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Partners Capital Services, Inc. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- 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 advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- 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 require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests 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.

## **Item 11 Code of Ethics, Client Transactions and Personal Trading**

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.

Partners Capital Services, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our 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 Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Partners Capital Services, Inc.'s Code of Ethics further includes 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. You may request a copy by email sent to [ecahill@partcapservices.com](mailto:ecahill@partcapservices.com) or [sschneider@partcapservices.com](mailto:sschneider@partcapservices.com) or by calling us at 631-851-0918.

Our Code of Ethics is 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.

As disclosed in the preceding section of this Brochure (Item 5&10), related persons of our firm maybe separately registered as securities representatives of a broker-dealer and/or licensed as an insurance agent/broker of various insurance companies and receive compensation for the sale of insurance products.

## **Item 12 Brokerage Practices**

Partners Capital Services, Inc. utilizes American Capital Partners, LLC for brokerage and trade execution services. At this time, American Capital Partners, LLC receives no commissions for transactions of Partners Capital Services, Inc. transactions except the broker-dealer may charge your account an annual fee if your account is held there.

When we have discretionary authority for client accounts, clients may include any limitations on this discretionary authority in the written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

As a matter of policy and practice, Partners Capital Services, Inc. does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a

different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades. PCS does not aggregate customer orders in individually advised accounts. Accounts that are managed through portfolio or money managers provided by RBC may aggregate customer trades according to their procedures.

For accounts participating in the Advisor Program, transactions in their accounts are cleared by RBC pursuant to an exclusive clearing agreement between ACP, our affiliated introducing broker-dealer, and RBC that requires PCS direct its orders to ACP for execution. ACP has received economic benefits as a result of the clearing agreement.

## **Item 13    Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed periodically. 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, or political or economic environment.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, quarterly reports may be provided to the customer which summarize account performance, balances and holdings.

### **THIRD-PARTY MONEY MANAGERS**

**REVIEWS:** These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

**REPORTS:** These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser.

Partners Capital Services, Inc. does not typically provide reports in addition to those provided by the independent registered investment adviser selected to manage the client's assets.

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

Partners Capital Services, Inc. may engage solicitors or pay related or non-related persons for referring potential clients to the firm. PCS may pay a cash referral fee to a third-party who solicits or refers clients to the RIA provided the terms of the arrangement are in writing and disclosed appropriately. The referral fee may be paid from the RIA fee charged to the client.

Partners Capital Services, Inc. has a solicitor agreement with Connectus. In this capacity the firm and its personnel may be compensated by receiving a portion of the fees Connectus charges the clients.

Please also see the discussion to Item 5 and 10 concerning compensation payable to the firm's personnel arising out of their activities as either registered representatives or insurance agents.

## **Item 15 Custody**

The physical custody of the client's assets is maintained with a qualified custodian, RBC or Fidelity for Connectus Management. The qualified custodian is authorized by the client to deduct and direct payment of Partners Capital Services, Inc's advisory fee directly from the client's custodial account. We may be deemed to have custody solely because we may deduct our advisory fee directly from client accounts. Each client should receive account statements directly from the qualified custodian on at least a quarterly basis. Clients should carefully review these statements. In addition to reports from the custodian, PCS may provide a report to clients. The clients are urged to compare custodian statements with PCS statements and rely solely upon the reports issued by the qualified custodian of the assets.

## **Item 16 Investment Discretion**

### **Investment Discretion**

We provide discretionary and non-discretionary asset management services to our clients. Prior to assuming discretionary authority, clients are required to execute a discretionary investment advisory agreement with our firm which sets forth any restrictions on the discretionary authority granted to us. Clients may also change/amend such limitations by once again providing us with written instructions.

When a client hires us to provide discretionary asset management 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 the security to buy or sell

## **Item 17    Voting Client Securities**

### **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 do not offer any consulting assistance regarding proxy issues to clients.

## **Item 18    Financial Information**

Partners Capital Services, Inc. does not have any financial condition to disclose that is reasonably likely to impair the ability of the firm to meet contractual commitments to clients. Partners Capital Services, Inc. received a Small Business Administration loan of \$9,000 in 2020. Partners Capital Services, Inc. has not been the subject of a bankruptcy petition.