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PART 2A OF FORM ADV: FIRM BROCHURE

THE PORTFOLIO STRATEGY GROUP, LLC

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*This brochure provides information about the qualifications and business practices of The Portfolio Strategy Group, LLC. If you have any questions about the contents of this brochure, please contact us at (914) 328- 6660. 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 The Portfolio Strategy Group, LLC also is available on the SEC's website at [www.advisorsinfo.sec.gov](http://www.advisorsinfo.sec.gov).*

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

Effective as of 3/30/2020

## Item 2 Material Changes

### **MATERIAL CHANGES**

This section summarizes material changes since our last annual updating amendment dated March 30, 2019. The changes noted have occurred since that update:

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Part 2B of Form ADV: Brochure Supplement

#### Item 4 Advisory Business

##### A. Advisory Firm

The Portfolio Strategy Group, LLC ("PSG") is a Delaware limited liability company that provides investment advisory services to clients since 2012. The Portfolio Strategy Group, Inc., (the "Prior Adviser") which is the predecessor firm to PSG, was founded in 1990 and had been in business for over 20 years. PSG in virtually all respects is continuing the advisory business of the Prior Adviser.

#### FOCUS FINANCIAL PARTNERS, LLC .

PSG is part of the Focus Financial Partners, LLC ("Focus LLC") partnership. Specifically, PSG is a wholly-owned subsidiary of Focus Operating, LLC ("Focus Operating"), which is a wholly-owned subsidiary of Focus LLC. Focus Financial Partners Inc. ("Focus Inc.") is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC.

Focus Inc. has no single 25% or greater shareholder. Focus Inc. is the managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board at Focus Inc. As of the end of 2018, investment vehicles affiliated with Stone Point Capital, LLC ("Stone Point") had a greater than 25% voting interest in Focus Inc., and Stone Point had the right to designate two of seven directors on the Focus Inc. Board. As of the end of 2019, investment vehicles affiliated with Kohlberg Kravis Roberts & Co. L.P. ("KKR") had a less than 25% voting interest in Focus Inc., and KKR had the right to designate one of seven directors on the Focus Inc. Board.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers and other financial service firms (the "Focus Partners"), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs."

## B. Types of Advisory Services

### (1) Separately Managed Accounts

PSG provides discretionary investment management services to approximately 300 client relationships, the majority of whom have more than \$2 million under PSG's management. PSG designs and implements proprietary investment strategies which are designed to meet a range of client investment objectives. PSG implements its strategies through a combination of individual security selection and the selection and monitoring of external investment managers.

PSG serves as fiduciary to all Clients, but has additional duties under (i) the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and (ii) the Internal Revenue Code (the "IRC") with respect to investment management services and investment advice provided to ERISA plan clients (including ERISA plan participants), IRAs and IRA owners (collectively, "Retirement Account Clients"). PSG is therefore subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules intended to deter fiduciaries from acting on conflicts of interest.

PSG serves as fiduciary and retains discretionary authority over all Clients. As such, PSG manages all Client assets, including retirement accounts, in accordance with all applicable rules and regulations regarding the proper avoidance or disclosure of any conflicts of interest. Given the particular rules around Retirement Account Clients, if PSG as fiduciary gives advice in which it has a conflict of interest, PSG will either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a "PTE").

### (2) Funds of Hedge Funds, Hedge Funds and Other Pooled Investment Vehicles

PSG acts as the Investment Manager and Adviser to The PSG Fund, LLC, (the "PSG Fund") and The PSG Offshore Fund, Ltd. (the "Offshore Fund") (together, the PSG Fund and the Offshore Fund are the "Client Funds"). The PSG Fund is a Delaware limited liability company. The Offshore Fund is an international business company incorporated with limited liability in the British Virgin Islands.

The Offshore Fund invests substantially all of its assets in the PSG Fund. Each of the Client Funds is a fund of hedge funds and therefore each fund invests substantially all of its assets in other pooled investment vehicles such as hedge funds and private funds. PSG may in the future form and provide investment advisory services to other pooled investment vehicles.

## C. Tailored Investment Advisory Services

PSG tailors its investment advice based on the individual needs of its Clients. Clients may impose restrictions on the types of investments in their accounts, including: (i) on the types of securities PSG may invest in and (ii) limitations on the total amount or percentage of assets that may be invested in particular asset classes or investment types. A prospective client may impose such restrictions when the investment adviser and client relationship is established or at any time upon written notice to PSG.

The Client Funds have not imposed any restrictions on the types of investments that PSG may make and PSG has wide discretion to invest the assets of any Client Funds. Such discretion is limited, however, by the investment objectives and strategy of each Client Fund.

D. Wrap Fee Programs

PSG does not participate in wrap fee programs.

E. Assets Under Management

PSG has approximately \$1.8 billion in Client assets under management on a discretionary basis, as of December 31, 2019.

## Item 5 Fees and Compensation

### Separately Managed Accounts

#### A. Compensation- Fees

Clients with separately managed accounts advised by PSG will pay management fees to both PSG and to any Manager that provides investment advisory services to those Clients. PSG's management fees are due quarterly and are paid in advance.

Clients pay PSG fees for services as follows

- Upon request, PSG will perform a detailed analysis of a current portfolio and its historical results, including formulating an investment strategy, for which PSG charges a negotiated fee based on the amount of work involved in reviewing current investments, historical results and other relevant information. PSG does not charge a fee for formulating an investment strategy to those who become an investment advisory client of PSG.
- For selecting Managers, placing Client funds with Managers, monitoring and reviewing their performance, PSG charges a flat annual fee for equity and balanced accounts equal to 0.75% (0.1875% quarterly) of the first \$10,000,000 of Client assets. Amounts in excess of \$10,000,000 of Client assets are subject to a negotiable fee.
- For Clients placed in an Equity Income portfolio, PSG charges the same flat annual fee as its equity accounts 0.75% (0.1875% quarterly).
- In addition to PSG's management fees, Clients are also responsible for the management fees owed to any Managers selected to provide investment advisory services to said Clients. PSG's selected Managers generally charge annual management fees from 0.45% - 1.6% of Client assets. Most Managers charge a flat fee while a few Managers have asset-based fee schedules. All fee arrangements are disclosed in each Managers' respective agreement, and many of these fees are discounted from the Managers' standard management fee rate as negotiated by PSG. The Manager's management fees may be due quarterly, either in advance or in arrears.
- For PSG's management of Clients' fixed income portfolios, an annual fee equal to 0.5% (0.125% quarterly) of the assets under management is charged. For specialized short duration portfolios or "holding accounts" the fee may be reduced or waived as determined and negotiated between the Client and PSG.

PSG may negotiate fees other than those set forth above as PSG may determine in its sole discretion. PSG does waive fees for its family members and friends.



Client assets (typically cash balances) may be invested temporarily in money market funds. These money market funds automatically assess a management fee which is in addition to the fees charged by PSG as set forth above.

B. Fees Deducted From Client Accounts

Clients are billed by invoice sent to the custodian each calendar quarter for the management fee and performance allocation or fee (where applicable) as discussed in Item 5(A), above. The fees are paid from the relevant Client's account. A limited number of historical Clients are billed directly by invoice.

C. Other Fees or Expenses

For smaller accounts or accounts invested in specialized areas, Client assets are invested in mutual funds. For cash balances, Client assets are invested in money market accounts, and / or where appropriate, in short-term US Treasuries. Client invested in mutual funds and money market funds pay all management, trading, custodian and other related fees and expenses, where applicable, in addition to PSG's fee. Client assets that are invested in mutual funds are either placed in no-load mutual funds or PSG negotiates a waiver of mutual fund sales fees.

Please refer to Item 12 for more information on brokerage practices.

D. Prepayment of Fees.

The management fee (see subparagraph A above) paid to PSG and some of the Managers are prepaid quarterly in advance. If the investment management agreement is terminated, the management fee paid to PSG will be pro-rated and charged for that quarter only up to the date of termination. Any unearned fees will be credited back to the Client's account.

E. No Compensation for Sale of Securities or Other Investment Products

Neither PSG nor its supervised persons accept compensation for the sale of securities or other investment products.

## Item 5 Fees and Compensation (continued)

### Hedge Funds and Other Pooled Investment Vehicles

#### F. Compensation- Fees

The investors in the Client Funds pay PSG a quarterly management fee of 0.25% (approximately 1% annually) of the Client Funds' assets, in arrears. Each investor in a Client Fund also pays PSG an annual performance fee of 10% of the appreciation of the investor's capital account, in arrears and net of certain expenses. This performance fee is subject to a "high water mark" and is not assessed unless certain minimum annual performance requirements are met. The management fee and performance fee are charged to the capital accounts of members of the PSG Fund and shareholders of the Offshore Fund based on the members' and shareholders' percentage interests in the respective Client Funds.

The Client Funds management and performance-based fees are separate fees. These fees are also separate from the PSG and Separately Managed Account management fees described in Item 5A. PSG does not charge a management advisory fee on those client assets subject to Client Fund management and performance-based fees.

PSG may, in its sole discretion, waive or reduce the fees paid by any member or shareholder of the Client Funds. PSG has previously, and may in the future, negotiate specific investment terms for some prospective investors in the Client Funds that will differ from the terms applicable to other investors.

#### G. Fees Deducted From Client Accounts

Client Funds are billed by invoice sent to the custodian each calendar quarter for the management fee and performance allocation or fee, discussed in Item 5(A), above. The fees are paid from the relevant Client Fund's account and credited or reallocated to PSG's account with the custodian.

#### H. Other Fees or Expenses

Each Client Fund pays for certain of its ongoing expenses, as follows:

- Legal, compliance, tax, accounting, auditing and administration expenses incurred directly on its behalf;
- Any extraordinary expenses (such as litigation, indemnification and other costs);
- Organizational expenses;
- Regarding the Offshore Fund, its proportionate share of the Master Fund's transaction and custodial expenses, as well as, its proportionate share of the Master Fund's legal, compliance, tax, accounting, auditing, administrative expenses incurred directly on their behalf and any extraordinary expenses (e.g., litigation); and

- Costs of the continuing offering (other than any sales commissions payable to third parties for sales of interests).

The Client Funds reimburse PSG (as Investment Manager) for any administrative, operating or other expenses that it advances or incurs on the Client Fund's behalf. PSG bears its own routine expenses, including the salaries of its personnel, rent, utilities and other overhead expense. Please refer to Item 12 for more information on brokerage practices.

I. Prepayment of Fees

The Client Funds are not responsible for the prepayment of management fees.

J. Compensation for Sale of Securities or Other Investment Products

Neither PSG nor its supervised persons accept compensation for the sale of securities or other investment products.

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

Please refer to Item 5 for information regarding flat, asset-based and performance-based management fees. PSG only charges a flat fee for separately managed accounts. PSG charges both flat and performance-based fees for its Client Funds. By managing both Separately Managed and Client Funds accounts, PSG has an incentive to favor clients invested in Client Fund accounts that charge both fee types. PSG mitigates this conflict by ensuring all investors in the Client Funds also maintain Separately Managed accounts, ensuring both fee account types are reviewed and analyzed together.

PSG analyzes each Manager's performance quarterly and may rebalance a Client's account in an effort to realize the best possible investment returns for its Clients. Moreover, PSG directly manages fixed income portfolios which do not require high frequency trading. PSG allocates its time based on the needs of each Client's portfolio and specific type of activity provided to its Clients and Client Funds, and has a staff of experienced investment professionals to manage its business.

## Item 7 Types of Clients

### Types of Clients and Minimum Account Size

PSG provides investment advisory services to the following types of persons:

- Individuals; including High Net Worth Individuals,
- Registered Investment Companies,
- Pension and profit sharing plans (including ERISA plans)
- Trusts, estates, or charitable organizations,
- Corporations or business entities other than those listed above, and
- A private university's endowment fund and plant and equipment fund.

For Separately Managed Account clients, PSG desires a minimum account size of \$2 million in assets under management, although PSG does negotiate and agree to a lower minimums under certain circumstances.

For Client Funds, PSG's minimum investment is \$500,000. PSG may, waive or reduce the minimum investment amount in its sole discretion.

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

### A. Methods of Analysis and Investment Strategies

PSG's method of analysis includes:

Bond Portfolios. PSG conducts a fundamental review of bonds (corporate, municipal and government issuers) that include a review of economic and financial information of the issuers of each bond. PSG reviews information available from third-party sources including information available through FactSet and Charles Schwab & Co., Inc. PSG's analysis of economic and financial information includes, among other things, discounted cash flow, EBITDA (earnings before interest, taxes, depreciation and amortization), quality of earnings, and the issuer's capital structure.

Equity Portfolios. PSG conducts an extensive review of equity Managers when deciding which manager(s) will oversee the investment of a portion of Client assets. PSG reviews their historical returns, management experience, investment styles and other factors. PSG's senior investment professionals conduct phone conferences and attend face-to-face meetings with its equity managers and attend conferences designed for hedge fund professionals to learn about particular funds.

Equity Income Portfolios. The Equity Income strategy is managed internally. PSG uses third-party data to analyze and review economic, financial and other information, including, among other things: (i) economic and financial matters, discounted cash flow, distributable cash flow, growth in corporate dividends and distributions, EBITDA (earnings before interest, taxes, depreciation and amortization), quality of earnings, and the issuer's capital structure, (ii) legal and regulatory issues, (iii) industry trends for the issuer and a review of the issuer's main competitors and (iv) macro-economic considerations. PSG's Equity Income investment team also conduct phone conferences, attend face-to-face meetings and also attend conferences to learn about other participants, their management and market trends in the income-generating equity space.

Investment strategies for PSG Clients by separate account and hedge fund Managers include, but are not limited to: taking long positions (securities held over one year), short term positions (securities held less than one year), trading (securities sold within 30 days), margin transactions (using some leverage to purchase securities), option writing (including covered options, uncovered options or spreading strategies), investing temporarily in money market funds. Investment strategies by PSG for PSG Clients may include, but are not limited to, the strategies noted above regarding allocations to Equity Income (investments in MLP's, REIT's and utilities, among other vehicles) and fixed income allocations.

### B. Material Risks for each Significant Method of Analysis or Investment Strategies

Investing in securities and following PSG's investment strategy and advice may result in a loss of some or all of a client's assets under management with PSG. Investors in the Client Funds and any future pooled investment vehicles managed by PSG may lose some or all of their investments in such funds. Clients and investors in Client Funds and such other investments managed by PSG

should be able to bear such an economic loss.

The Offshore Fund, rather than making investments directly, invests all of its assets in the PSG Fund, less amounts retained for operating expenses. All portfolio investments are held at the PSG Fund level. Only if this "Master-Feeder" structure is unwound would the Offshore Fund make portfolio investments directly and then such portfolio investments would be held directly by it. The master-feeder fund structure and, in particular, the existence of multiple investment vehicles investing in the same portfolio presents certain risks to investors, including the increased costs associated specifically with investing through the PSG Fund, LLC (which are borne on a pro-rata basis by the various entities investing in the PSG Fund, LLC).

Moreover, where a Manager selected by PSG engages in frequent trading as a part of an investment strategy for certain Clients, the return on investment for such Clients may be lower due to increased brokerage and other transaction costs.

#### C. Material Risk for Particular Types of Securities

##### ***Stock Market Risk***

A Client's investment in securities and other investments may be affected by general economic conditions such as prevailing economic growth, inflation and interest rates. When economic growth slows, or interest or inflation rates increase, equity securities tend to decline in value. Such events could also cause companies to decrease the dividends they pay. If these events were to occur, the total return earned on and the value of a Client's investment could decline.

##### ***Equity, Convertible and Preferred Securities***

Investments may include long and short positions in common stocks, preferred stocks and convertible securities of U.S. and foreign issuers, as well as, depositary receipts for foreign securities. Equity securities fluctuate in value, often based on factors unrelated to the value of the issuer of the securities. The market price of equity securities may be affected by general economic and market conditions, such as a broad decline in stock market prices, or by conditions affecting specific issuers, such as change in earnings forecasts. Depending on the relationship of the conversion price to the market value of the underlying securities or other factors, convertible securities and preferred shares may trade like equity securities. Moreover, PSG may select investments in equity, convertible and preferred securities without restriction as to market capitalization, including securities issued by smaller capitalization companies, including micro-cap companies.

#### **Material Risks Generally Applicable to a Fund of Hedge Funds, Possible Investments by Some Selected Managers or Individual Hedge Funds:**

Hedge funds are private investment company exempt from registration under the U.S. Investment Company Act of 1940. Exempt private investment funds have very few restrictions on their investments or the risks they can take, and therefore are only appropriate for sophisticated investors who are able to risk the loss of their entire investment. As funds of hedge funds, the success of the Client Funds is dependent on the skill of the underlying hedge fund managers.

### ***Use of Leverage***

Client Funds may use leverage as part of their investment strategy. Although leverage will increase investment returns if an investment purchased with borrowed funds earns a greater return than the cost for the use of such funds, using leverage will decrease investment returns if the investment fails to earn as much as it costs for the use of the funds. Consequently, any event that adversely affects the value of an investment would be magnified to the extent that the investment is purchased with leverage. Therefore, using leverage will magnify the volatility of a Portfolio Fund's investment portfolio. If the Portfolio Fund's investments decline in value, the Portfolio Fund could be required to deposit additional collateral with the lender or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. If there is a sudden, precipitous drop in the Portfolio Fund's assets, whether resulting from changes in market value or from redemptions, the Portfolio Fund might not be able to liquidate assets quickly enough to pay off its borrowing. Money borrowed for leveraging will also be subject to interest costs. Consequently, the level of interest rates at which funds can be borrowed will affect the operating results of the Portfolio Fund. The Portfolio Fund may be required to maintain minimum average balances for its borrowings or to pay a commitment or other fee to maintain a line of credit.

### ***Short Sales***

A Portfolio Fund may attempt to limit its exposure to a possible market decline in the value of its portfolio securities through short sales of securities that the Portfolio Fund believes possess volatility characteristics similar to those being hedged.

Additionally, the Portfolio Fund may use short sales for non-hedging purposes to profit from anticipated declines in prices of securities that in the view of the Portfolio Manager are overvalued. To effect a short sale, a Portfolio Fund will borrow a security from a brokerage firm, or other intermediary, to make delivery to the buyer. The Portfolio Fund then is obligated to replace the borrowed security by purchasing it at the market price at the time of replacement. The price at such time may be more or



less than the price at which the Portfolio Fund sold the security. A short sale of a security involves the risk of an unlimited increase in the market price of the security, which could result in an inability to cover the short position and thus a theoretically unlimited loss. There can be no assurance that securities necessary to cover the short position will be available for purchase.

### ***Credit and Rating Risk***

Investments may include debt securities or debt instruments with credit or rating risk. Credit risk relates to the ability of the issuer of a debt security to meet interest or principal payments or both as they become due. In general, lower-grade, higher-yield debt securities are subject to credit risk to a greater extent than lower-yield, higher-quality debt securities. The lower the rating of a debt instrument, the more speculative its characteristics, and the more likely that changes in economic or other circumstances will lead to an inability of the issuer to make principal and interest payments.

### ***Options***

Investments may include options contracts, so-called "synthetic" options or other derivative instruments written by broker-dealers or other financial intermediaries. Options transactions may be effected on securities exchanges or in the over-the-counter market. When options are purchased over-the-counter, the Client bears the risk that the counterparty that wrote the option will be unable or unwilling to perform its obligations under the option contract. Such options may also be illiquid and, in such cases, Client may have difficulty closing out the Client's position.

### ***Warrants***

Investments may include warrants, which are derivative instruments that permit, but do not obligate, the holder to purchase other securities over a specified period of time. Warrants do not carry with them any right to dividends or voting rights. A warrant ceases to have value if it is not exercised before its expiration date.

### ***Restricted and Illiquid Investments***

Investments may include restricted securities and other investments that are illiquid.

Restricted securities are securities that may not be sold to the public without an effective registration statement under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or, if they are unregistered, may be sold only in a privately negotiated transaction or pursuant to an exemption from registration under the Securities Act.

Where registration is required to sell a security, the Client or Client Fund may be obligated to pay all or part of the registration expenses, and a considerable period may elapse between the decision to sell and the time the Client or Client Fund may be permitted to sell a security under an effective registration statement. PSG may be unable to sell the restricted and other illiquid securities purchased for the Client or Client Fund at the most opportune times as PSG is not likely to be able to force an issuer of restricted or illiquid securities to register those securities.

### ***Derivatives***

Investments may include derivatives. These are financial instruments that derive their performance from the performance of an underlying asset, index or interest rate. Derivatives can be volatile and involve various types and degrees of risk, depending upon the characteristics of the particular derivative. Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in a derivative could have a large potential impact on the performance of a Client's account. A Client could experience losses if derivatives do not perform as anticipated, or are not correlated with the performance of other investments that they are used to hedge, or if the Client is unable to liquidate a position because of an illiquid secondary market. The market for many derivatives often is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives.

### ***Distressed Securities***

Investments may include "distressed securities" securities, private claims and obligations of domestic and foreign entities that are experiencing significant financial or business difficulties. Distressed securities may result in significant returns to the Clients and investors in the Client Funds but also involve substantial risk. The Clients and investors in the Client Funds may lose a substantial part or all of its investment in a distressed issuer or may be required to accept cash or securities with a value less than the Client's or Client Fund's investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of distressed instruments are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of these instruments may be greater than normally expected. In trading distressed securities, litigation is sometimes required, which can be time-consuming, expensive, and lead to unpredictable delay or losses.

Investments may include companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs,

reorganizations, bankruptcies or other changes or similar transactions. In any investment opportunity involving a special situation, there is the risk that the contemplated transaction either will be unsuccessful, take considerable time or result in a distribution of cash or a new security the value of which may be less than the Client's or Client Fund's investment in the security or other financial instrument. Furthermore, if an anticipated transaction does not occur, PSG may have to sell the Client's or Client Fund's investment at a loss.

### ***Structured Securities***

Investments may include structured securities. The value of the principal or interest on those securities is determined by reference to changes in the value of specific currencies, interest rates, commodities, indices or other financial indicators ("Reference") or the relative change in two or more References. The interest rate or the principal amount payable upon maturity or redemption may be increased or decreased depending upon changes in the Reference. The terms of the structured securities may provide in certain circumstances that no principal is due at maturity and, therefore, may result in a loss of the Client's or Client Fund's investment. Changes in the interest rate or principal payable at maturity may be a multiple of the changes in the value of the Reference. Consequently, structured securities may entail a greater degree of market risk than other types of fixed income securities.

For a more detailed list of risk factors, investors in the Client Funds should consult the appropriate confidential offering memorandum.

### **D. Cybersecurity**

The computer systems, networks and devices used by PSG and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity

breaches in the future.

Item 9. Disciplinary Information

Not Applicable. There are no criminal or civil proceedings, administrative proceedings or self-regulatory matters to report.

## Item 10 Other Financial Industry Activities and Affiliations

As noted above in response to Item 4, certain investment vehicles managed by Stone Point collectively are principal owners of Focus LLC and Focus Inc., and certain investment vehicles managed by KKR collectively are minority owners of Focus LLC and Focus Inc. As PSG is an indirect, wholly-owned subsidiary of Focus LLC and Focus Inc., the Stone Point and KKR investment vehicles are indirect owners of PSG. None of Stone Point, KKR, or any of their affiliates participates in the management or investment recommendations of our business.

PSG and/or its Managers may in the future recommend that clients invest in products or investment vehicles managed and/or sponsored directly by Stone Point, KKR, or one of their respective affiliates (each vehicle, an “Owner-Affiliated Fund”). Any fees charged by Owner-Affiliated Funds will be paid indirectly or directly to Stone Point, KKR or their affiliates. Because Stone Point and KKR are each indirect owners of PSG, Stone Point, KKR, and/or their affiliates will benefit financially if is PSG or its Managers recommend investments in the Owner-Affiliated Funds. To mitigate the conflicts of interest that arise out of investments in Owner-Affiliated Funds, PSG and its Managers will only recommend such investments if they are in the best interests of the relevant Client.

PSG does not believe the Focus Partnership presents a conflict of interest with our clients. PSG has no business relationship with other Focus Partners that is material to its advisory business or to its clients.

As stated earlier in this Brochure, PSG is a wholly owned subsidiary of Focus. Focus is also one of several minority investors in SmartAsset, which seeks to match prospective advisory clients with investment advisers in exchange for a non-success-based fee paid by the investment adviser. Focus has one director on SmartAsset’s board as well as a board observer. PSG’s payment of a fee to SmartAsset benefits SmartAsset’s investors, including Focus, our parent company.

A. Broker-Dealer Registration Status

None.

B. Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser Registration Status

None. PSG relies upon exemptions from CPO registration and CTA registration.

C. Material Relationships or Arrangements with any of the following:

1. Broker-Dealer, Municipal Securities Dealer, or Government Securities Dealer or Broker

None.

2. Investment Company or other Pooled Investment Vehicle

See Item 4(B)(I).

3. Other Investment Adviser or Financial Planner

See Item 4(A).

4. FCM, CPO, CTA

None.

5. Banking or Thrift Institution

None.

6. Accountant or Accounting Firm

Refer to Item 14(B).

7. Lawyer or Law Firm

None.

8. Insurance Company or Agency

None.

9. Pension Consultant

None.

10. Real Estate Broker or Dealer

None.

11. Sponsor or Syndicator of Limited Partnerships

None.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

PSG recommends and selects Managers for its Clients. However, PSG is not paid (directly or indirectly) any compensation by any selected Managers. Please also Item 5 re: Compensation.

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

### A. Code of Ethics

PSG strives to adhere to the highest industry standards of conduct based on principals of professionalism, integrity, honesty and trust. In seeking to meet these standards, PSG has adopted a Code of Ethics (the "Code"). The Code incorporates (but is not limited to) the following general principles that all principals and employees are expected to uphold:

- Principals, employees and affiliates must at all times place the interests of Clients (including the Client Funds) first;
- All personal securities transactions must be conducted in a manner consistent with the Code;
- Any actual or potential conflicts of interest;
- Any abuse of a principal's or employee's position of trust and responsibility must be avoided;
- Principals and employees must not take any inappropriate advantage of their positions with PSG; information concerning the identity of securities and financial circumstances of the Clients, including investors in the Client Funds, must be kept confidential (subject to any legal or regulatory requirement to disclose such information); and
- Independence in the investment decision-making process must be maintained at all times.

The foregoing is a partial summary of PSG's Code of Ethics. You may request a complete copy of the Code of Ethics from PSG's Chief Compliance Officer in writing at: The Portfolio Strategy Group, LLC, 81 Main Street, Suite 201, White Plains, NY 10601, or by calling and requesting a copy at (914) 328-6660.

### B. Securities that PSG or A Related Person Has a Material Financial Interest

PSG permits its principals and employees to invest for their own or related accounts in securities purchased for PSG's Clients, including the Client Funds.

Principals and employees of PSG are prohibited from effecting personal trades in anticipation of a purchase or sell recommendation for a client or otherwise on the basis of material non-public information. All transactions instituted by principals or employees are required to be reported to PSG's Chief Compliance Officer.

PSG (and its members, employees and affiliates) may serve as investment adviser to Client accounts and conduct investment activities for its own account(s). Some Clients may have investment objectives or investment strategies similar to or different from those of PSG employees or its other Clients, including the Client Funds. PSG (and its members, employees and affiliates) may give advice or take action with respect to some Clients that differs from the action taken in employee accounts or advice given to its other Clients, including the Client Funds.

To the extent a particular investment is suitable for more than one client (including PSG's members, employees and affiliates), purchased securities will be allocated among Clients in a manner which PSG determines is fair and equitable under the circumstances to all Clients involved.



C. Investing in Securities That PSG or A Related Person Recommends to Clients

Please refer to Item 11(B) above.

D. Conflicts of Interest Created by Contemporaneous Trading

Please refer to Item 11(B) above.

## Item 12 Brokerage Practices

### A. Selecting or Recommending Broker-Dealers for Client Transactions and Reasonableness of Broker-Dealers Compensation

PSG routinely recommends that clients custody their assets with Charles Schwab & Co. (“Schwab”), which is a “Qualified Custodian” as that term is described in Rule 206(4)-2 of the Investment Advisers Act of 1940. PSG is independently owned and operated and are not affiliated with Schwab. We do not open the account for you, although we may assist you in doing so. Schwab provides custody of securities, trade execution, and clearance and settlement of transactions placed by PSG (although your account is maintained at Schwab, we can still use other brokers to execute trades for your account). In deciding to recommend Schwab, some of the factors that PSG considers include:

- Trade order execution and the ability to provide accurate and timely execution of trades;
- The reasonableness and competitiveness of commissions and other transaction costs;
- Access to a broad range of investment products;
- Access to trading desks;
- A dedicated service and back office team and its ability to process requests from PSG on behalf of its clients;
- Ability to provide PSG with access to client account information through an institutional website; and
- Ability to provide clients with electronic access to account information and investment and research tools.

In addition, Schwab provides PSG clients discounted commission rates for the execution of securities transactions. In accordance with PSG’s duty of best execution, PSG seeks the most favorable price and execution for brokerage orders under the circumstances. Most favorable execution is a combination of commission rates and prompt, reliable execution. In selecting brokers and negotiating commission rates, PSG may take into account the broker’s ability to effect transactions, commission rate, financial responsibility, responsiveness, and value of brokerage research products and services provided by the broker.

Schwab makes available to PSG, without cost, trade execution services and research (both proprietary and third party research). Neither PSG nor any Client pays additional costs or higher commissions due to the research and services PSG receives, and all research and services are used to benefit all PSG Clients. Schwab makes the foregoing research and trade execution services available to similarly situated investment advisers whose clients custody their assets with Schwab. Access to research and trade execution services is not predicated on the execution of client securities transactions (e.g., not “soft dollars.”) PSG has not entered into any formal “soft dollar” arrangements with broker-dealers.

Schwab’s provision of trade execution and research services could provide an incentive for PSG to

recommend Schwab over broker-dealers who do not provide such products and services. The trade execution and research services Schwab provides benefit PSG because PSG does not have to pay for them. PSG believes that other custodian broker-dealers also offer trade execution and research services to firms such as PSG and that these products and services are not a material consideration in the determination of the custodian broker-dealer the Firm has chosen to recommend. PSG remains committed to fulfilling its duty of best execution in the recommendation of broker-dealers for the execution of securities transactions.

#### 1. Brokerage for Client Referrals

Please see Item 14(B).

#### B. Aggregation of Purchase or Sale of Securities

In an effort to obtain best execution, PSG has a policy of executing trades for its various equity trade Clients in a bunched fashion. All open orders in the same direction (e.g., buy or sell) in the same security and placed at the same time will generally be bunched for execution. PSG will allocate executed bunched orders by the end of each trading day pro rata among the Clients participating in those orders. Generally, commissions paid to brokers and overall execution costs for bunched trades will be equal to or lower than those that would apply had the trades been executed individually.

#### 1. Aggregation and Allocation of Fixed Income Securities

In customizing fixed income (bond) portfolios for its Clients, PSG does not allocate bond opportunities based on a “model” portfolio. Except for U.S. Treasury securities, bonds do not trade as efficiently nor as frequently as equities. As such, PSG purchases most bonds from Schwab’s Bond Desk. Schwab, acting as an aggregator for a significant number of bond brokers, allows PSG to view large numbers of offerings at any given time. While PSG receives lower prices when purchasing bonds via Schwab’s Bond Desk, PSG is not limited to purchasing bonds only from Schwab and does purchase bonds directly from other third-party brokers. It is PSG’s policy that all clients, in light of their particular circumstances, will receive fair and equal treatment to the fullest extent possible.

#### a. Agency Cross Transactions / Agency Trades

In agency cross transactions, an adviser (or an affiliate) arranges a transaction between two client accounts or between a client account and another account which, for purposes of this transaction, is not advised by PSG. Agency cross transactions may be brokered - i.e. the adviser simultaneously buys and sells the same security for two client accounts with a broker-dealer. They can also be direct - i.e. the adviser arranges a transaction in a particular security between two or more client accounts without using a broker-dealer or by going into the open market.

PSG and its affiliates occasionally engage in agency cross transactions, but only when PSG believes such transactions are in the best interests of the Client account(s) involved. PSG does not perform agency cross transactions while acting as broker to the transaction, nor does PSG or its

affiliates accept commissions or other compensation besides its advisory fee in connection with any agency cross transactions.

b. Trade Error Correction

Errors in an advisory account are corrected promptly upon discovery, in a manner where the client is made whole for any losses resulting from the error. PSG absorbs any loss if the error is due to Firm negligence. De Minimis losses due to PSG error may be absorbed by Charles Schwab upon the custodian's discretion. All gains resulting from PSG error remain with the Client unless otherwise determined (e.g. tax consequences). All Client accounts custodied at Schwab that earn a gain in excess of \$100.00 due to PSG error will have that gain donated to charity pursuant to Schwab's trading policy.

### Item 13 Review of Accounts

#### A. Frequency and Nature of Review of Client Accounts or Financial Plans

A PSG employee prepares a daily download of all Client trading activity (excluding the Client Funds). Client and Client Fund accounts are reviewed by a Managing Director at least quarterly. Fixed income assets managed by PSG are reviewed at least monthly by a Managing Director.

#### B. Basis for Client Reviews Other Than a Periodic Review

Not applicable. PSG will review Client accounts periodically, as detailed in Item 13(A) above.

#### C. Content and Frequency of Account Reports to Clients

All Clients receive:

- Regular brokerage confirmation slips for all transactions from the executing broker.
- Monthly statements from the executing broker or custodian.
- Quarterly status reports from PSG that includes details of all holdings in the portfolio.

Investors in the Client Funds receive:

- At least quarterly a report concerning the Client Funds' activities and a statement of their capital account.
- Within 180 days following the end of each calendar year, investors in the Client Funds will receive annual audited financial statements, which include:
  - For Offshore Fund investors: a statement of the valuation of the investors' holdings.
  - For Domestic Fund investors: a statement of the investors' capital account and
  - Schedule K-1 for preparation of their federal income tax return for the year.

## Item 14 Client Referrals and Other Compensation

### A. Economic Benefits From Non-Client For Providing Client Services

PSG's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences which typically include PSG, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including PSG. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including PSG. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause PSG to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including PSG. Conference sponsorship fees are not dependent on assets being placed with any specific provider or on revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus in the last year: Fidelity Brokerage Services; Charles Schwab & Co. Inc.; Orion Advisor Services, LLC; eMoney Advisors, LLC; Envestnet Financial Technologies, Inc.; Fidelity Brokerage Services, LLC; Fidelity Institutional Asset Management LLC.

### B. Compensation to Non-Supervised Persons for Client Referrals

PSG has arrangements in place with certain third parties whereby we compensate them for client referrals by paying them a percentage of the investment advisory fees we receive from the solicited clients. Solicitation arrangements inherently give rise to potential conflicts of interest because the solicitor is receiving an economic benefit for the recommendation of advisory services. Rule 206(4)-3 of the Advisers Act (the "Cash Solicitation Rule") addresses this conflict of interest by requiring advisers who pay third party solicitors to enter into agreements requiring the solicitors to make certain disclosures to solicited potential clients. In accordance with the Cash Solicitation Rule, we require third party solicitors who introduce potential clients to us to provide the potential client with a copy of this disclosure brochure and a copy of the solicitor's disclosure statement which explains that the solicitor will be compensated for the referral and contains the terms and conditions of the solicitation arrangement, including the compensation the solicitor is to receive.

PSG pays a flat fee to participate in an online matching program that seeks to match prospective advisory clients with investment advisers. The program, which is operated by SmartAsset, provides information about investment advisory firms to persons who have expressed an interest in such firms. The program also provides the name and contact information of such persons to the advisory firms as potential leads. The flat fee we pay for being provided with potential leads varies based on certain factors, including the size of the person's portfolio, and the fee is payable regardless of whether the prospect becomes our advisory client.

C. Non-Economic Benefits to Supervised Persons

Certain PSG personnel participated in an advisor coaching program (the “Program”) organized by Focus and conducted by a professional coach. The Program is first and foremost intended to provide training or education to personnel of Focus firms, including PSG. However, the Program does provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including PSG. Although the participation of Focus firm personnel in the Program is not preconditioned on the achievement of a sales target for any Program sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at the Program could cause PSG to focus on the Program sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the Program or future Programs and not as revenue for itself or any affiliate, including PSG. Program sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

The following entity provided Program sponsorship to Focus in the last year: Eaton Vance Investment Management.

## Item 15 Custody

Charles Schwab & Co., Inc. (“Schwab”) serves as custodian and maintains actual custody of Client assets. Under government regulations, PSG is deemed to have custody of your assets when you authorize PSG to instruct Schwab to deduct our advisory fees directly from your account and when you grant PSG authority to move your money to another person’s account (aka standing letters of authorization or third party wire instructions). PSG currently has this authority over some Client assets, but is not subject to a “surprise examination” due to satisfaction of the 7 conditions outlined in the SEC’s “no action” guidance letter.<sup>1</sup>

Clients receive account statements directly from Schwab at least quarterly and the statements are sent to the email or postal mailing address provided to Schwab by the Client. Clients should carefully review their Schwab statements upon receipt, and PSG urges all Clients to review and compare their Schwab statements with the quarterly portfolio reports sent by PSG.

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<sup>1</sup> <http://www.sec.gov/divisions/investment/noaction/2017/investment-adviser-association-022117-206-4.htm>



## Item 16 Investment Discretion

### Separately Managed Accounts

Please refer to Item 4(B)(1).

Clients enter into investment advisory agreements with PSG, giving PSG discretionary authority over the management of Client assets. This includes discretionary authority to place orders on the Client's behalf and to engage Managers for advisory services for the Client's assets. The Client also enters into a separate investment advisory agreement with each Manager selected by PSG, which in turn conveys to that Manager discretionary authority over the Client assets allocated to that Manager.

### Hedge Funds and Other Pooled Investment Vehicles

Please refer to Item 4(b)(2).

PSG is the investment manager of the Client Funds and exercises discretionary authority in managing such funds' assets. PSG is not limited in the scope of its discretionary authority over the assets of the Client Funds, except to the extent described in the Confidential Offering Memorandum of each Client Fund's investment objective and strategy.

## Item 17 Voting Client Securities

### A. Policies and Procedures Relating to Voting Client Securities

When Clients open new accounts and grant PSG trading authority, PSG is also authorized to vote proxies. When PSG selects its Managers to conduct equity trading, PSG must have proxy voting authority to receive certain issuer and issuer-related communications regarding the investments in those accounts. These communications often relate to security reorganizations and other corporate actions (among other things) which are essential aspects of PSG's portfolio due diligence and reporting.

While proxy voting is another important aspect of issuer communication, in almost all instances PSG will not exercise its proxy voting authority over Client securities. PSG retains its proxy voting authority in large part to allow its Managers proxy ballot access to vote within their managerial discretion via the platform of PSG's Custodian. Certain Managers exercise their authority to vote Client proxies, and certain Managers do not. On rare occasions if requested by mutual funds or similar entities, PSG has exercised its proxy voting authority to assist those entities in obtaining a quorum.

With respect to the Client Funds, PSG generally has no voting power. Many of these securities are Portfolio Investments - interests in underlying private funds that do not have voting rights (except in unusual circumstances).

PSG has established voting policies and procedures pursuant to Rule 206(4)-6 to safeguard the best interests of its Clients. To accomplish this, PSG will provide, on request, its Proxy Policy Statement and a record of how PSG voted relating to that Client's securities. Clients can request this information from Mr. Richard Yoken or Mr. Thomas Zottner at The Portfolio Strategy Group, 81 Main Street, Suite 201, White Plains, NY 10601. For Managers who vote Client proxies, Clients can submit their voting record and proxy policy request directly to said Manager(s).

If PSG identifies a material conflict between its interests and those of a Client on any matter which PSG has proxy voting authority, PSG will abstain from voting on that matter. In such an event, the Client may decide to vote the proxy on their own behalf or may specifically instruct PSG how to vote, whether on the entire proxy or on a specific item which a conflict has been identified. The Client may also instruct PSG to abstain from voting entirely.

### B. No Authority to Vote Client Securities and Client Receipt of Proxies

See Item 17(A) above.

Item 18 Financial Information

A. Balance Sheet

Not applicable.

B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients

To the best of its knowledge, PSG does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Clients.

C. Bankruptcy Filings

Not applicable.

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**PART 2B OF FORM ADV: BROCHURE SUPPLEMENT**

**Richard A. Yoken**

**Edward L. Scharf**

**Peter S. Yorkes**

**Lawrence D. Bartimer**

**Thomas M. Zottner**

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**The Portfolio Strategy Group, LLC**

**81 Main Street**

**Suite 201**

**White Plains, NY 10601**

**Telephone: (914) 328-6660**

**Fax Number: (914) 328-6670**

*This brochure supplement provides information about Messrs. Yoken, Scharf, Yorkes, Bartimer and Zottner that supplements The Portfolio Strategy Group, LLC brochure. You should have received a copy of that brochure. Please contact Ms. Atiya Leary if you did not receive The Portfolio Strategy Group, LLC's brochure or if you have any questions about the content of this supplement.*

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Effective 3/30/2020

## ***Richard A. Yoken***

### **Item 2 Educational Background and Business Experience**

Richard A. Yoken- President and Managing Director, The Portfolio Strategy Group, LLC (PSG) and its predecessor entities from August 1990 to present, and part owner and Manager of 81 Main Services, LLC, a service company that provides management oversight and other services to PSG. Mr. Yoken graduated from Boston University with a Bachelor of Science degree in 1972, and he earned his MBA from Northwestern University in 1973. He was born in 1950.

### **Item 3 Disciplinary Information of Supervised Persons**

Items 3(A) through (D): None.

There are no disciplinary matters to report.

### **Item 4 Other Business Activities of Supervised Persons**

#### ***A. Investment-related Business or Occupation.***

None.

#### ***B. Other business or occupation for compensation not discussed in Item 4A above which provides a substantial source of income or involve a substantial amount of time.***

None.

### **Item 5 Additional Compensation of Supervised Persons**

Richard A. Yoken may directly or indirectly receive earn-out or other compensation from Focus Financial Partners, LLC, the indirect parent company of PSG.

### **Item 6 Supervision**

Mr. Richard Yoken supervises Messrs. Scharf, Yorkes, Bartimer and Zottner. Mr. Yoken is the President and a Managing Director of The Portfolio Strategy Group, LLC ("PSG"). His telephone number is (914) 328-6660. In addition, the Firm maintains oversight through regularly scheduled meetings of investment personnel and through implementation of its firm-wide compliance program.

## ***Edward L. Scharf***

### **Item 2 Educational Background and Business Experience**

Edward L. Scharf- Managing Director, The Portfolio Strategy Group, LLC and its predecessor entities, from May 1999 to present. Mr. Scharf graduated from the University of Rochester with a Bachelor of Arts degree in 1983, and he earned his M.B.A. also from the University of Rochester in 1984. He was born in 1962.

### **Item 3 Disciplinary Information of Supervised Persons**

*A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction*  
None.

*B. An administrative proceeding before the SEC, any federal or state regulatory agency, or any foreign regulatory authority*  
None.

*C. A self-regulatory organization (SRO) proceeding*  
None.

*D. Any other proceeding in which a professional attainment, designation or license of the supervised person was revoked or suspended because of a violation of rules related to professional conduct.*  
None.

### **Item 4 Other Business Activities of Supervised Persons**

*A. Investment-related Business or Occupation*  
None.

*B. Other business or occupation for compensation not discussed in Item 4A above which provides a substantial source of income or involve a substantial amount of time.*  
None.

### **Item 5 Additional Compensation of Supervised Persons**

Edward L. Scharf may directly or indirectly receive earn-out or other compensation from Focus Financial Partners, LLC, the indirect parent company of PSG.

### **Item 6 Supervision**

Mr. Richard Yoken supervises Messrs. Scharf, Yorkes, Bartimer and Zottner. Mr. Yoken is the President and a Managing Director of The Portfolio Strategy Group, LLC. His telephone number is (914) 328-6660.

### **Item 7 State-registered Advisers**

Not applicable.

## ***Peter S. Yorkes***

### **Item 2 Educational Background and Business Experience**

Peter S. Yorkes - Managing Director, The Portfolio Strategy Group, LLC and its predecessor entities, from November 1998 to present. Mr. Yorkes graduated from Northeastern University with a Bachelor of Science degree in business administration in 1985. He was born in 1961.

### **Item 3 Disciplinary Information of Supervised Persons**

***A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction***

None.

***B. An administrative proceeding before the SEC, any federal or state regulatory agency, or any foreign regulatory authority***

None.

***C. A self-regulatory organization (SRO) proceeding***

None.

***D. Any other proceeding in which a professional attainment, designation or license of the supervised person was revoked or suspended because of a violation of rules related to professional conduct.***

None.

### **Item 4 Other Business Activities of Supervised Persons**

***A. Investment-related Business or Occupation***

None.

***B. Other business or occupation for compensation not discussed in Item 4A above which provides a substantial source of income or involve a substantial amount of time.***

None.

### **Item 5 Additional Compensation of Supervised Persons**

Peter S. Yorkes may directly or indirectly receive earn-out or other compensation from Focus Financial Partners, LLC, the indirect parent company of PSG.

### **Item 6 Supervision**

Mr. Richard Yoken supervises Messrs. Scharf, Yorkes, Bartimer and Zottner. Mr. Yoken is the President and a Managing Director of The Portfolio Strategy Group, LLC. His telephone number is (914) 328-6660.

### **Item 7 State-registered Advisers**

Not applicable.

## ***Lawrence D. Bartimer***

### **Item 2 Educational Background and Business Experience**

Lawrence D. Bartimer- Managing Director, The Portfolio Strategy Group, LLC and its predecessor entities, from January 2006 to present. Mr. Bartimer graduated from The State University of New York at Albany with a degree in Accounting and Business in 1978, and he earned his M. B. A. from the Wharton Business School in 1984. He was born in 1956.

### **Item 3 Disciplinary Information of Supervised Persons**

***A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction***

None.

***B. An administrative proceeding before the SEC, any federal or state regulatory agency, or any foreign regulatory authority***

None.

***C. A self-regulatory organization (SRO) proceeding***

None.

***D. Any other proceeding in which a professional attainment, designation or license of the supervised person was revoked or suspended because of a violation of rules related to professional conduct.***

None.

### **Item 4 Other Business Activities of Supervised Persons**

***A. Investment-related Business or Occupation***

None.

***B. Other business or occupation for compensation not discussed in Item 4A above which provides a substantial source of income or involve a substantial amount of time.***

None.

Each of Items 4(A) and (B): Not applicable.

### **Item 5 Additional Compensation of Supervised Persons**

Lawrence D. Bartimer may directly or indirectly receive earn-out or other compensation from Focus Financial Partners, LLC, the indirect parent company of PSG.

### **Item 6 Supervision**

Mr. Richard Yoken supervises Messrs. Scharf, Yorkes, Bartimer and Zottner. Mr. Yoken is the President and a Managing Director of The Portfolio Strategy Group, LLC. His telephone number is (914) 328-6660.

### **Item 7 State-registered Advisers**

Not applicable.



## ***Thomas M. Zottner***

### **Item 2 Educational Background and Business Experience**

Thomas M. Zottner, CFA-Managing Director, The Portfolio Strategy Group, LLC (PSG) and its predecessor entities from May 2009 to present. Prior to that, he worked at Alliance Bernstein as a financial analyst and senior portfolio manager from March, 2001 until May, 2009. Mr. Zottner graduated from Boston College with a Bachelors of Arts degree in 1998. He became CFA Charterholder in 2005. He was born in 1976.

### **Item 3 Disciplinary Information of Supervised Persons**

***A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction***

None.

***B. An administrative proceeding before the SEC, any federal or state regulatory agency, or any foreign regulatory authority***

None.

***C. A self-regulatory organization (SRO) proceeding***

None.

***D. Any other proceeding in which a professional attainment, designation or license of the supervised person was revoked or suspended because of a violation of rules related to professional conduct.***

None.

### **Item 4 Other Business Activities of Supervised Persons**

***A. Investment-related Business or Occupation***

None.

***B. Other business or occupation for compensation not discussed in Item 4A above which provides a substantial source of income or involve a substantial amount of time.***

None.

### **Item 5 Additional Compensation of Supervised Persons**

Thomas M. Zottner may directly or indirectly receive earn-out or other compensation from Focus Financial Partners, LLC, the indirect parent company of PSG.

### **Item 6 Supervision**

Mr. Richard Yoken supervises Messrs. Scharf, Yorkes, Bartimer and Zottner. Mr. Yoken is the President and a Managing Director of The Portfolio Strategy Group, LLC. His telephone number is (914) 328-6660.

### **Item 7 State-registered Advisers**

Not applicable.