

# **Pento Portfolio Strategies, LLC**

## **Firm Brochure - Form ADV Part 2A**

This brochure provides information about the qualifications and business practices of Pento Portfolio Strategies, LLC. If you have any questions about the contents of this brochure, please contact us at (732) 772-9500 or by email at: [mpento@pentoport.com](mailto:mpento@pentoport.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 Pento Portfolio Strategies, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Pento Portfolio Strategies, LLC's CRD number is: 159217. SEC #801-121261

291 Rt 34N suite D Colts Neck, New Jersey 07722

(732) 772-9500

(732) 275-8232 (F)

[jcoleman@pentoport.com](mailto:jcoleman@pentoport.com)

[mpento@pentoport.com](mailto:mpento@pentoport.com)

Pento Portfolios Strategies Website:

[www.pentoport.com](http://www.pentoport.com)

Registration as an Investment Advisor does not  
imply a certain level of skill or training.

Version Date: 11/11/2021

## Item 2: Material Changes

There have been no **material changes** to Pento Portfolio Strategies, LLC's Form ADV Part 2A filing since its last annual update in April of 2021.

This Brochure will be amended anytime there is a material change and this section will include a summary of any material changes.

Our current brochure may be requested by contacting Managing Member Michael Pento at (732) 772-9500 or by email at [mpento@pentoport.com](mailto:mpento@pentoport.com) or Chief Compliance Officer Justine Coleman by email at [jcoleman@pentoport.com](mailto:jcoleman@pentoport.com).

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**A. Description of the Advisory Firm**

Pento Portfolio Strategies, LLC is a Limited Liability Company organized in the state of New Jersey. This firm has been in business since 2011, and the principal owner and President is Michael Gerard Pento and Justine Coleman is the CCO.

**B. Types of Advisory Services**

Pento Portfolio Strategies, LLC (hereinafter “PPS”) offers the following services to advisory clients: **Investment Supervisory Services** - PPS offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. PPS creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client’s specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Assessment of Risk tolerance
- Personal investment policy
- Asset selection
- Portfolio monitoring

(a) to supervise and direct the investments of the Account in accordance with the investment objectives of Client as listed on the attached Exhibit I, and as communicated hereafter in writing to IA from time to time;

(b) to appraise and review, at least quarterly during the period of this Agreement investments of the Account, as initially accepted by IA, together with all additions, substitutions and alterations thereto; and

PPS evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. PPS requires discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

**Tax and Accounting Services** - PPS offers a full array of Tax and Accounting

**Services Subscription Services** - PPS has a weekly podcast for entertainment purposes hosted by Michael Pento that discusses the Fed, economics and current events - suitable for all audiences the podacst does not provide investment advice.

**Real Time Reality Alert** - PPS also provides international clients, who are unable to open a Schwab account, a service which informs said clients of the trades that are being executed by PPS' for its Inflation Deflation and Economic Cycle model (IDEC). This information is distributed via e – mail when changes to the IDEC portfolio are made, and it would be at the client's discretion to act on or ignore these recommendations with whatever broker they chose. PPS has no role in determining the investment suitability for these clients and does not have discretion. The client can select the broker they would like to work with.

### ***Sub-Advisory Relationship***

PPS has a sub advisory relationship with Advisor Representatives: Michael Minter (CRD 4392283) and Kerrie Debbs (2093825) both at MFS Solutions (CRD 305834). whereas Ms. Debbs and Mr. Minter determine suitability and PPS provides investment management services. Clients are invested in the IDEC model described in item 8 of this document. Ms. Debbs , Mr. Minter or the client can terminate the relationship at any time. All parties have the ability to enact transactions on the clients account.

### ***Signal Investing Services***

PPS has a Signal Investing relationship with SMArtX (CRD #297680) whereas PPS shares its IDEC strategy with clients participating on the SMArtX platform in real time allowing clients on the SMArtX platform to invest in the strategy for which PPS receives a fee. This strategy is identical to the strategy described in Item 8 of this document.

## **C. Client Tailored Services and Client Imposed Restrictions**

PPS offers the same suite of services to all of its clients. However, specific client portfolio managent Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent PPS from properly servicing the client account, or if the restrictions would require PPS to deviate from its standard suite of services, PPS reserves the right to end the relationship. Those restrictions must be made in writing for the firm and become part of the Investment Policy Statement.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. PPS DOES NOT participate in any wrap fee programs.

## **E. Amounts Under Management**

PPS has \$156,080,974.53 under management in 425 accounts as of 11/11/2021. All accounts are managed on a discretionary basis.

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

### *Investment Supervisory Services and othe Fees*

Total Assets Under Management	Annual Fee
\$1 - \$749,999	1.50%
\$750,000 - \$999,999	1.25%
\$1.000.000 and Above	1.00%

*Minimum Opening Account Size - \$100,000 which can be waived at PPS's sole discretion. PPS combines client and household accounts to determine break-points. Aggregation is common and by not doing so can lead to higher fees. For accounts that are not in the actively managed IDEC Model known as Global Yield P (GY) PS charges a reduced fee of .5%*

***Investment Supervisory Services*** - These fees and amounts are negotiable depending upon the needs of the client and complexity of the situation and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Lower fees for comparable services may be available from other sources. Fees are paid quarterly in advance, based on the value of the client's account of the last business day of the prior quarter. Clients may terminate their contracts at any time by phone or email. Refunds are given on a prorated basis, based on the number of days the account is open during the final quarter. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter). Clients may terminate their contracts within five days of signing the contract without fee or penalty by written notice to the firm. Advisory fees are withdrawn directly from the client's accounts with client written authorization. In all instances, the Adviser will send the client a written invoice, including the fee, the formula used to calculate the fee, the fee calculation itself, the time period covered by the fee, and, if applicable, the amount of assets under management on which the fee was based. Also, the Adviser will include the name of the custodian(s) on your fee invoice. The Adviser will send these to the client concurrent with the request for payment or payment of the Adviser's advisory fees. We urge the client to compare this information with the fee listed in the account statement. In computing the market value of any investment of the Account, each security listed on any national securities exchange or otherwise subject to current last-sale reporting shall be valued at the value reported on the statement that clients receive from the custodian.

***Subscription Service Fees*** - After a 5 week free trial subscription, PPS offers listeners of it Mid-Week Reality Check a one-year subscription for \$49.99, collected in advance, payable by paypal or by check. Refunds will be calculated on a pro-rates basis based on the number of days used/number of days in the year. PPS Clients receive this service for free.

***Real Time Reality Alert*** - Fees are either a flat fee of \$250 a quarter for accounts under \$1 million dollars and are a flat fee of \$5,000 for accounts over \$1 million - this fee is nonnegotiable. These services will be billed on a quarterly basis in advance. Refunds will be calculated on a pro-rated basis based on the number of days used/number of days in the quarter. If the client terminates before any information is provided they would be entitled to a full refund which would be sent to them via check or Paypal, or other negotiated means.

***Sub-Advisory Fees*** - Clients under the sub-advisor arrangement are billed a flat fee of 1.2% of AUM annually billed quarterly in advance following the same ruules as Investment Supervisory Services.



## B. Payment of Fees

### *Payment of Investment Supervisory Fees*

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

**Payment of Performance Fees:** PPS does not have performance fees.

**Payment of Fees for Tax and Advisory:** Tax and Accounting Fee are determined on a client basis according to time spent and negotiated beforehand and paid either by Paypal or check

**Subscription Service Fees :** PPS has a weekly podcast for entertainment purposes called The Mid-Week Reality Check that costs \$49.99/year payable by PayPal or check.

**Real Time Reality Alerts** fees are billed on a quarterly basis in advance. And are payable either by check or by Paypal.

**Sub-Advisory Fees:** Fees are withdrawn directly from the client's accounts with client written authorization. . PPS pays Ms. Debbs and Mr. Minter 50% of fees collected.

**Signal Investment Fees:** SMArtX bills and collects fees from the clients monthly in arrears based on the value of the account on the last business day of the month. SMArtX pays PPS a 1.5% fee for AUM of client's who participate in the strategy. These fees are paid by check to PPS on a monthly basis.

## C. Clients Are Responsible for Third Party Fees

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund redemption fees, and the internal fees that mutual funds charge for management and administration and are disclosed in each mutual funds prospectus, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by PPS. Please see Item 12 of this brochure regarding broker/custodian.

## D. Prepayment of Fees

PPS collects fees in advance. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination or the days elapsed in the quarter prior to termination. Fees will be mailed by check within fifteen days. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter).

## E. Outside Compensation For the Sale of Securities to Clients

PPS and its supervised persons will NOT accept compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds to its clients.

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

PPS does not charge performance based fees and does not engage in side by side management.

## **Item 7: Types of Clients**

PPS generally provides management supervisory services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Investment Companies

### ***Minimum Account Size***

There is an account minimum, of \$100,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation. The firm will aggregate accounts originating from the same household for purposes of meeting this minimum. Clients are not required to maintain an account size, however if a client's account falls to a level they can no longer participate in the strategy they will be contacted that their account can no longer be actively traded.

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

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

PPS's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis. Charting analysis involves the use of patterns in performance charts. PPS uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security. Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Technical analysis involves the analysis of past market data; primarily price and volume.

#### **Investment Strategies**

PPS uses long term trading, short term trading, and options writing (limited to covered call options) and the purchase of puts to hedge the portfolio. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

### **Pento Portfolio Strategies- Inflation/Deflation and Economic Cycle Model Overview:**

#### **KEY BENEFITS:**

- Adaptive, dynamic management of Michael's investment philosophy.
- Investment Model specifically designed to determine the Inflation/Deflation and Growth dynamics within markets. We locate where the economy sits along those five specific sectors and use the model's 20 components to determine where to allocate funds across that spectrum.
- The goal is to maximize investor returns by shielding them from periods of deflationary recessions, as well as seeking to provide a real return during times of US Dollar depreciation.

## Strategy Overview

The Pento Portfolio Strategies' Model SMA utilizes a top-down proprietary-macro analysis to position the portfolio in broad asset classes, depending on our view of prevailing inflationary and deflationary forces. We then use our technical database to select the best possible investments.

For clients who want an income stream, or fail to qualify for the IDEC model, PPS offers the Global Yield (GY) strategy a more static portfolio that utilizes both fixed income and fixed income proxies to provide an income stream.

### **B. Material Risks Involved**

#### *Methods of Analysis*

Charting analysis strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets

do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

### ***Investment Strategies***

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading and options trading generally hold greater risk and involve higher expenses (that reduce returns) clients should be aware that there is a material risk of loss using any of those strategies. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

### **C. Risks of Specific Securities Utilized**

PPS generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it will utilize non-leveraged inverse etf's and options writing. Non-leveraged inverse etf's and options writing generally hold greater risk of capital loss and clients should be aware that there is a material risk of loss using any of those strategies.

Mutual Funds: Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned above).

Equity investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

Fixed Income is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

Debt securities carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

Exchange Traded Funds (ETF) Including ETF's involving commodities: Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency. Non-indexed ETF's can trade at a price above (premium) or below (discount) their net asset value and a non-indexed etf purchased at a premium may ultimately be sold at a discount. Investing in ETFs carries risk of capital loss that the investor should be aware of.

Exchange Traded REITs have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares. The advisor will not charge an on-going management fee on unmanaged static assets held in accounts. Long term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk. Short term trading risks include economic stability and higher expenses and disadvantaged tax treatment.

Options writing involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market and involves risk of material loss. If you buy a Put to hedge you risk loss of premium.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

## Item 9: Disciplinary Information

### A. Criminal or Civil Actions

There are no criminal or civil actions to report.

### B. Administrative Proceedings

There are no administrative proceedings to report.

### C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

## Item 10: Other Financial Industry Activities and Affiliations

### A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither PPS nor its representatives are registered as a Broker/Dealer or Broker/Dealer Representative.

**B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither PPS nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor. PPS does at times invest in commodity a proxies through an ETF.

**C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither PPS nor its representatives are registered as a Broker/Dealer or Broker/Dealer Representative and do not have any outside business that will result in a conflict of interest to its clients.

PPS has solicitation agreements with the following CFP for clients residing in Florida only - Gregory W. Lawrence, CFP And the following Advisor Representatives: Michael Minter (CRD 4392283) and Kerrie Debbs (2093825) both at MFS Solutions (CRD 305834). PPS also has an Advisory relationship with SMArtX (CRD #297680) whereas SMArtX clients have the ability to select the Inflation Deflation Model as a portfolio option on their platform. Pento Portfolio Strategies does not know or evaluate SMArtX Clients for suitability, SMArtX collects a fee and provides Pento Portfolio Strategies with a percentage of the fee collected. Clients of SMArtX are furnished with up to date information on Pento Portfolio Strategies and the model portfolio.

There are no conflicts of interest that result from our solicitor arrangements.

**D. Recommendation or Selection of Other Advisors or Managers and How This Advisor is Compensated for Those Selections**

PPS maintains a transactional relationship with its Investment Advisor solicitors. Solicitors are compensated by PPS according to their contracts for the lifetime of the relationship.

**Item 11: Code of Ethics, Participation or Interest in Client Transactions and**

**Personal Trading**

**A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and

Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

PPS does not recommend that clients buy or sell any security in which a related person to PPS or PPS has a material financial interest. If PPS did develop a material financial relationship they would notify clients immediately via email.

#### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of PPS may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of PPS to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions do create a conflict of interest. PPS will always document any transactions that creates conflicts of interest and will trade affiliated accounts in a manner that does not front run or disadvantage trading for clients.

#### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of PPS may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of PPS to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. PPS will always document any transactions that creates conflicts of interest and will trade affiliated accounts in a manner that does not front run or disadvantage trading for clients.

### **Item 12: Brokerage Practices**

PPS requires clients to use Charles Schwab as their custodian in order for PPS to manage your account.

#### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodian Schwab Institutional, a division of Charles Schwab & Co., Inc., (CRD # 5393) was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. PPS will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.



### ***1. Research and Other Soft-Dollar Benefits***

PPS receives research, products, or other services from its custodian (Schwab) for these "soft dollar benefits" there is no minimum client number or dollar number that PPS must meet to receive free research from the custodian or broker/dealer. However, because this firm does not have to produce or pay for services or products it has an incentive to choose a custodian that provides those services based on its interests rather than the clients' interests. This incentive creates a conflict of interest. The first consideration when recommending custodian to clients is best execution. PPS always acts in the best interest of the client. We believe that our requirement that our clients custody at Schwab is in the clients best interest based on the services Schwab provides and the fees Schwab charges. Other than the soft dollar benefits PPS does not receive any additional compensation from third party for advisory services.

### ***2. Brokerage for Client Referrals***

PPS receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

For the consistency of trade execution, PPS does not allow clients to direct brokerage.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

PPS maintains the ability to block trade purchases across accounts. PPS block trades at every opportunity available in order to get a fair price for all clients. Block trading may benefit a large group of clients by providing PPS the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients. Participation in a block trade is not mandatory however, it may result in a less favorable execution.

## ***Item 13: Reviews of Accounts***

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**



Client accounts are reviewed at least quarterly by Michael Pento, President and Justine Coleman, Chief Compliance Officer. Client accounts are reviewed with regards to their investment policies and risk tolerance levels. Clients are probed annually about changes in their situation that would effect the suitability for their portfolio mix.

#### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

#### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive monthly - or at least quarterly, from the custodian, a written statement that details the client's account including assets held and asset value. On a quarterly basis PPS provides a quarterly touch base that includes the invoice.

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

#### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

PPS receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

#### **B. Compensation to Non – Advisory Personnel for Client Referrals**

At times, PPS utilizes other Registered Investment Advisors as solicitors that it compensates for client referrals. PPS compensates solicitors according to individual Solicitor Agreements that range from 25bps-50bps of the quarterly fee collected.

***Selection of Solicitors*** PPS will at times work with independent RIAs (Solicitors) who believe our investment strategy can add diversification and act as a hedge to their client's investment plan. For clients who reside in Florida, Gregory Lawrence, CFP of Gulf Coast Advisors. The aforementioned advisers do not solicit clients in the state of New York, Washington State or Virginia. These advisors will either be registered where the clients reside or meet the solicitor requirements in that state and will initially evaluate the client for suitability.

We provide solicitors with weekly strategy changes, and ongoing support to keep them up to date. Once the client is on-board, we also follow up on a periodic basis to re-evaluate suitability for these clients in our strategy as needed. We also provide clients with a weekly update of our strategy as well as 24/7 on-line access to their account.

PPS collects the fees directly from the client according to the same fee schedule as all of our clients and the solicitor is paid a percentage of the fee collected on a quarterly basis as per agreement.

**Signal Investment** PPS has an Advisory relationship with SMArtX(CRD# #297680) PPS's Inflation/Deflation economic cycle model is carried on the SMArtX platform and clients of SMArtX have the option to chose this model. PPS provides SMArtX with real times trades and all information required for the portfolio on the platform. SMArtX is responsible for assessing client suitability and billing. There are no conflicts of interest.

**Services Limited to Specific Types of Investments** PPS generally limits its money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, and government securities. PPS may use other securities as well to help diversify a portfolio when applicable.

**Termination of Services** Clients may terminate services with PPS at any time without penalty. A client can terminate the relationship with PPS within 5 days without penalty. A client can terminate services with PPS at any time either verbally or in writing.

#### Item 15: Custody

PPS does not maintain physical custody of client's securities. Under government regulations, we are deemed to have limited custody of your assets because if you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. PPS, with client written authority, has limited custody of client's assets through direct fee deduction of PPS's fees only. If the client chooses to be billed directly from their Schwab Account, PPS would have constructive custody over that account and must have written authorization from the client to do so. Prior to having fees deducted via a *qualified custodian* PPS will (a) Process written authorization from the client to deduct advisory fees from an account held by a qualified custodian. (b) Send the qualified custodian written notice of the amount of the fee to be deducted from the clients account. (c) Send the Client an itemized invoice including the formula used to calculate the fee, the time period

covered by the fee, and the amount of AUM on which the fee was based. The invoice will also contain the fee calculation and the name of the custodian. Clients are urged to compare the invoice with the reports they receive from the Advisor as well as the Paypal invoice and the reports from the Advisor.

You will receive account statements directly from Schwab monthly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements with the invoices you receive from us and promptly notify us of any discrepancies.

#### **Item 16: Investment Discretion**

For those client accounts where PPS provides ongoing supervision, PPS requires written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides PPS discretionary authority via a limited power of attorney in the Investment Advisory Agreement and in the agreement between the client and the custodian. Clients have 24/7 access to view their investments through the custodian's on-line system. If there are any limitations you would like to put on our discretion over these assets, please notify us in writing.

PPS requires clients to use Charles Schwab who maintains actual custody of the assets.

#### **Item 17: Voting Client Securities (Proxy Voting)**

PPS will not ask for, nor accept voting authority for client securities except as may be directed by the client. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security. Clients are welcome to call and email PPS questions about Proxy material and PPS will do its best.

#### **Item 18: Financial Information**

##### **A. Balance Sheet**

PPS does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

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

Neither PPS nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

## **C. Bankruptcy Petitions in Previous Ten Years**

PPS has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

Michael Gerard Pento's education and business background can be found on the Supplemental ADV Part 2B form.

Justine Coleman's education and business background can be found on the Supplemental ADV Part 2B form.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Michael Gerard Pento does not have any outside business activities.

### **C. How Performance Based Fees are Calculated and Degree of Risk to Clients**

PPS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client for any new accounts. PPS has 2 legacy accounts which are charged performance fees. Details of these fee arrangements are found in each client's investment advisor agreement.

### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

No management person at PPS or PPS has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

**E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

None

**ANY QUESTIONS: PPS's Chief Compliance Officer, Justine Coleman, remains available to address any questions regarding this Part 2A.**