

## **Item 1: Cover Page**

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ADV Part 2A of Form ADV Investment Advisor Brochure

# **WS Portfolio Advisory, LLC**

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**February 28, 2023**

This Form ADV Part 2A ("Brochure") provides information about WS Portfolio Advisors, LLC, and its business for the use of clients and prospective clients. If you have any questions about the contents of this Brochure, please contact us using one of the methods listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration of an investment advisor and does not imply any certain level of skill or training.

Additional information about our firm is available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2. Material Changes

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WS Portfolio Advisory is required to advise clients and prospective clients of any material changes to our Firm Brochure (“Brochure”) from our last annual update dated February 8, 2022. In the future, we will use this section to identify material changes that may take place between annual updates.

Clients will receive an annual summary of any material changes to this and subsequent Brochures no later than April 30, which is 120 days after our fiscal year-end. At that time, we will offer a copy of our most current Disclosure Brochure. We will also promptly provide ongoing disclosure information about material changes, as necessary.

Material Changes: None

### Item 3. Table of Contents

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Item 1: Cover Page .....	1
Item 2. Material Changes .....	2
Item 3. Table of Contents .....	3
Item 4. Advisory Business .....	4
Item 5. Fees & Compensation .....	4
Item 6. Performance-Based Fees & Side-By-Side Management.....	5
Item 7. Types of Clients & Account Requirements .....	5
Item 8. Methods of Analysis, Investment Strategies & Risk of Loss .....	5
Item 9. Disciplinary Information .....	8
Item 10. Other Financial Industry Activities & Affiliations.....	8
Item 11. Code of Ethics, Participation, or Interest in Client Transactions & Personal Trading .....	8
Item 12. Brokerage Practices .....	9
Item 13. Review of Accounts.....	9
Item 14. Client Referrals & Other Compensation .....	10
Item 15. Custody .....	10
Item 16. Investment Discretion .....	10
Item 17. Voting Client Securities.....	10
Item 18. Financial Information.....	11

## **Item 4. Advisory Business**

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### **Firm Description**

WS Portfolio Advisory, LLC (“we,” “us,” “our,” or “Advisor”), a Wyoming limited liability company, was formed in January of 2022 and is 100% owned by Warwick Simons, who is also responsible for the overall investment strategy and management of client portfolios.

### **Types of Advisory Services**

WS Portfolio Services will advise institutional investors and high net worth individuals and families regarding their investments in financial markets around the world, with a particular focus on global listed equity markets. Our investment advice is long-term in nature, with the typical investment horizon 6-12 months or more. Our investment advice is provided on a discretionary basis, subject to certain client-determined restrictions. See Item 16, Investment Discretion, for more information.

### **Client-Tailored Relationships**

We work closely with a small number of relatively sophisticated, large clients. Exact services and strategy are tailored based on the specific client’s needs.

### **Assets Under Management**

As of December 31, 2022 we managed approximately \$395,000,000, all on a discretionary basis..

## **Item 5. Fees & Compensation**

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Advisor does not have a standard fee schedule. All fees are negotiated with each client based on the services required. Specific services, fees, and payment terms are documented in the advisory agreement executed with the client. Advisor typically charges a flat annual fee, with a minimum charge of USD\$100,000 per year, and may also include a performance fee component. Annual fees are generally payable monthly in arrears, but other arrangements may be agreed to and will be documented. Performance fees are typically calculated based on a minimum period of one year.

Clients are invoiced for fees due, though in some cases we may deduct fees directly from the custodial account if authorized by the client and permitted by the custodian.

### **Other Fees & Outside Compensation**

Clients are separately responsible for all trading, execution, custody, and service fees incurred in the management of client assets. These fees are charged by third parties and Advisor does not negotiate or participate in such fees. See Item 12, Brokerage Practices, for more information.

We receive no compensation other than our negotiated advisory fees.

## **Item 6. Performance-Based Fees & Side-By-Side Management**

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We may enter into performance fee arrangements with clients who meet the definition of “qualified client,” and we expect this form of compensation will be most common with institutional clients. The specific terms and calculation methodology are individually negotiated with the client. In general, we employ performance-based fees that are calculated based on outperformance above an agreed-upon benchmark, such as an index or absolute rate of return. We calculate performance over a period of at least one year. We employ the use of a high-water mark for each performance period so that poor performance in any one period would need to be overcome before a performance fee is due in any subsequent periods.

Performance-based fees tend to encourage higher risk trading behavior in the hopes of achieving greater returns and therefore higher compensation to the Advisor. This is mitigated by the use of a high-water mark, and the fact that we do not engage in short selling or use leverage. Further, our institutional clients impose risk limits on the portfolio, and may also maintain the ability to override our investment decisions.

## **Item 7. Types of Clients & Account Requirements**

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We provide services to the following types of clients:

- High net worth individuals
- Pension and profit-sharing plans
- Pooled investment vehicles
- Corporations/large institutions

### **Minimum Account Size**

Our minimum account size is \$10 million, though this minimum may be waived in our sole discretion. Accounts smaller than \$10 million who pay our stated minimum annual fee of USD\$100,000 will pay an effective annual fee greater than 1.0%, which is high for accounts of that size.

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

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### **Methods of Analysis & Investment Strategies**

Our investment approach is generally to buy and hold the equity securities of high-quality businesses, with a typical investment holding period of 12 months or more. In constructing portfolios, we conduct macroeconomic assessments and assess both sector exposures and factor risks (e.g., growth versus value, high beta versus low volatility, etc.). We do not use short selling or employ leverage in our portfolios.

Our primary method of analysis is fundamental research into the quality of a business and its long-term earnings power. This research includes an assessment of the business’ competitive position, growth potential and corporate strategy, together with financial modelling its earnings potential over the next five years.

We then assess the intrinsic value of the business’ equity securities to determine if we believe them to be underpriced (and therefore a potential buying opportunity) or overpriced (and therefore a potential sell).

The main sources of information we rely on to make these assessments are issuer reports and public filings, financial data service providers such as Bloomberg, research materials prepared by others, and in some cases direct contact with the companies themselves.

Fundamental analysis does not attempt to anticipate short-term market movements. One risk of fundamental analysis is that the price of the security may fluctuate up or down, along with the overall market, regardless of the factors we considered in evaluating the security. Similarly, our assessment of intrinsic value may simply be wrong.

### **Risk of Loss**

All investing involves risks that clients must be prepared to bear.

Below are some of the risks that arise generally with investing, as well as some key risks of different types of investments.

Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, speculative companies focused on future binary events that could provide significant profit are generally riskier than companies that have steady income from a stable client base.

Counterparty Risk: The risk that the other party to a contract will not fulfill its contractual obligations.

Currency Risk: Currencies are subject to fluctuations in the value of the client's base currency against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Environmental, Social, Governance (ESG) Risk: Corporate governance practices, the risks of environmental damage or disasters (whether connected to an issuer's own practices or independent of them, such as extreme weather events), and the risks of social factors, such as racial and gender discrimination, are wide-ranging and increasingly understood to affect investment decisions and results. We include ESG factors we believe are important in evaluating companies, based on the industry, the company itself, and emerging consensus on areas that generally merit attention. ESG factors are in many ways subjective. We may not identify all applicable ESG concerns, and our subjective judgment of the most important factors may be incorrect. Further, in evaluating these issues, we must often rely on corporate self-reporting, which is inherently biased. Third-party ratings and reports are increasingly available, though they are, to varying degrees, subject to the same limitations with respect to subjective judgment and reliance on corporate self-reporting.

Global Investing Risk: Investing in numerous countries and regions involves special risks such as fluctuations in currencies, multiple taxation schemes, varied economic and political risks, and differences in accounting and financial standards. Investments in emerging markets are generally riskier than investments in developed markets.

Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. Reduced liquidity may have an adverse impact on market price and the ability to sell particular securities when necessary to meet cash needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult to obtain market quotations based on actual trades for the purpose of valuing the security.

**Market Risk:** The price of a stock or bond may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.

**Sector Risk:** Sectors may be subject to risk when a substantial portion of assets are devoted to a particular market sector or industry thereby having the potential of greater volatility than with broadly diversified strategies. A market sector or industry may underperform the market as a whole for a variety of reasons.

**Systemic Risk:** Risks inherent to the entire market or market segment. Systemic risk is also known as "undiversifiable risk," and affects the overall market, not just a particular stock or industry. This type of risk is both unpredictable and impossible to completely avoid.

**Equity Securities:** Prices of common stock react to the economic conditions of the company that issued the security; industry and market conditions; as well as other factors, and may fluctuate widely. Investments related to the value of stocks may rise and fall based on an issuer's actual and anticipated earnings, changes in management, the potential for takeovers and acquisitions, and other economic factors. Similarly, the value of other equity-related securities, including preferred stock, warrants and options may also vary widely. Market conditions may affect certain types of stocks (such as large-cap or technology-related) to a greater extent than other types of stocks. If the stock market declines, the value of a portfolio will also likely decline and, although stock values can rebound, there is no assurance that values will return to previous levels.

**Fixed Income Securities:** Prices of fixed income instruments (e.g., bonds) can exhibit some volatility and change daily. Investments in fixed income instruments present numerous risks, including credit, interest rate, reinvestment, and prepayment risk, all of which affect the price of the instruments. For instance, a rise in interest rates will generally cause the price of bonds to go down. If the security is held to maturity and the issuer does not default, the client should receive the face amount of the bond at the maturity date, as well as stated interest payments while the bond is held. In this case, the change in price prior to maturity may not affect the client. If the client needs to sell prior to maturity, however, the investor would likely experience a loss. Where a client's fixed income exposure is to bond funds or fixed-income ETFs (see below), the fund or ETF does not itself "mature," although different issues held by the fund/ETF will mature and will experience price fluctuations affecting the fund or ETF's net asset value. Investors are therefore highly dependent on the manager's ability to accurately anticipate the impact of rate changes and to appropriately manage the portfolio to achieve adequate returns with reasonable risk.

**Mutual Funds and Exchange-Traded Funds (ETFs):** An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities, such as the risks associated generally with equity or fixed-income securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the

event they sell securities for a profit that cannot be offset by a corresponding loss. In general, mutual funds and ETFs are subject to risks related to the manager's ability to achieve the strategy's objective and market conditions affecting the assets held by the fund. Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("**NAV**"). The per-share NAV of a mutual fund is calculated at the end of each business day.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

## **Item 9. Disciplinary Information**

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We are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. We have no information to disclose applicable to this Item.

## **Item 10. Other Financial Industry Activities & Affiliations**

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Neither the Advisor nor its owner and portfolio manager has any financial industry activities or affiliations, or any material relationships that pose a conflict with clients.

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

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To fulfill our responsibilities as a fiduciary, we have adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles: (1) putting the clients' interest first at all times; (2) conducting all personal securities transactions in such a manner to be consistent with the Code (as well as an Client-imposed restrictions) and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility; (3) not taking inappropriate advantage of our position; (4) treating client information as confidential, and (5) maintaining independence in the investment decision-making process.

In addition to guidelines concerning personal trading, the Code also addresses and governs the giving and receiving of gifts and entertainment, service on outside boards of directors and other outside business activities. Our personnel are required to certify compliance with the Code on an annual basis.

Please contact us at the telephone number or email address listed on the first page of this Brochure if you would like to receive a full copy of our Code of Ethics.



Our clients may require that we obtain pre-approval for any personal trading by the Advisor or its associated persons. Such restrictions would be negotiated on a case-by-case basis and implemented by Advisor as required.

## **Item 12. Brokerage Practices**

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### **Recommendation of a Broker / Custodian**

We do not recommend brokers or custodians. Clients direct us to use firms they have independently selected, and we have no ability to negotiate commission rates.

In no event do we maintain custody of Client assets, though we may be deemed to have custody of assets if clients give us authority to withdraw assets directly from the custodial account to pay our fees. (See Item 15—Custody, below). In all cases, client assets must be held with a “qualified custodian,” generally a broker-dealer or a bank.

### **Directed Brokerage**

Clients direct us to use specific brokers for execution (“directed brokerage”). Because we do not select brokers or negotiate commission rates, we may not be able to achieve the most favorable executions for clients and this may ultimately cost clients more money. Not all investment advisers use directed brokerage. We will review the overall quality of executions and report our findings periodically to clients. In some cases, we may recommend that clients cease using a specific broker or add additional brokers.

We do not use, recommend, or direct activity to brokers in exchange for client referrals.

### **Aggregated or Block Transactions**

Because of the nature of our client base, we don’t anticipate using aggregated or block trades. Our institutional clients typically have proprietary trading platforms that we use to manage assets; use of separate, proprietary systems and the requirement to use specific brokers limits our ability to aggregate. We will ensure that our order execution processes are fair and do not result in systematic favoring of one client over another.

### **Research and Other Soft Dollar Benefits**

We do not have any “soft dollar” arrangements in place, in which we agree to direct a certain amount of commission dollars to a specific custodian in exchange for research or other services. As noted above, we do not recommend brokers and do not negotiate commission rates.

### **Best Execution**

While we do not have control over executions, we will review execution quality and endeavor to achieve overall best execution within the restrictions imposed by our client agreements.

## **Item 13. Review of Accounts**

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We continuously review client portfolios to ensure investments are consistent with client investment objectives, philosophy, strategy, methodologies, and any client-imposed restrictions.

While we will negotiate specific reporting with clients that may differ from this, we offer two sets of standard reporting for institutional clients. First, in adding securities to the approved list, we write a report that we submit to the client's investment committee. Second, when there is major news in the markets, we may prepare written summaries of our assessment of what is happening.

In addition to written material, we generally meet several times a year with an institutional client's investment committee to update the client on performance and portfolio outlook, strategy, and assumptions.

For non-institutional, high net worth clients, we will mutually agree on the content and frequency of any written reports.

#### **Item 14. Client Referrals & Other Compensation**

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We do not have any arrangements in place to compensate third parties for client referrals.

#### **Item 15. Custody**

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All client funds and securities are maintained with a qualified custodian; we don't take physical possession of client assets. Clients will receive account statements and transaction confirmation notices directly from the custodian at least quarterly.

While clients pay us in response to an invoice, we could agree to deduct our advisory fees directly from client accounts with written authorization to do so. The ability to do this is technically considered "custody" but doesn't require separate reporting or surprise examination of the Advisor. Fees deducted from client accounts appear on the statement delivered by the qualified custodian; we urge clients to carefully review their statements for accuracy and to notify us promptly of any errors.

#### **Item 16. Investment Discretion**

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As indicated in Item 4, above, we provide discretionary investment management services. Our discretionary authority is granted pursuant to a written agreement and is subject to client-imposed limitations, such as use of an approved list and risk limits.

#### **Item 17. Voting Client Securities**

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As the portfolio manager, we do generally have authority to vote proxies. Our proxy voting decisions are made in accordance with the voting policy provided by our institutional clients. For clients without a proxy voting policy, we generally vote in accordance with management's recommendations, though ultimately all proxy votes are made on a case-by-case basis, taking into account the facts and circumstances at that time. We will vote in a manner consistent with our fiduciary duty and in what we believe to be the best interest of our clients. In the unlikely event there is a material conflict of interest between us and a client's

interest, we will disclose the conflict and obtain client consent to vote as we recommend, or abstain from voting the client's securities in that case.

Clients may obtain information on how specific proxies were voted with respect to their portfolio, or obtain a copy of our proxy voting policies by contacting us by email. This information will be provided at no charge.

## **Item 18. Financial Information**

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We do not have any financial commitment that impairs our ability to meet contractual and fiduciary commitments to our clients.