

# Wrap Fee Program Brochure

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## Financial Partners Wrap Fee Program

Sponsored By



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This brochure provides information about the qualifications and business practices of Financial Partners Group, LLC (hereinafter "Financial Partners" or the "Firm"). If you have any questions about the contents of this brochure, please contact Scott T. Paschal at (615) 230-9700. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority. Additional information about Financial Partners is available on the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Financial Partners is an SEC registered investment adviser. Registration does not imply any level of skill or training.

**Item 2. Material Changes**

This Item discusses only the material changes that have occurred since Financial Partners' last annual update. Financial Partners does not have any material changes to report at this time.

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## Item 4. Services, Fees and Compensation

The Financial Partners Wrap Fee Program (the “Program”) is an investment advisory program sponsored by Financial Partners, a registered investment adviser which has been in business since January 2013.

This Brochure describes the business of Financial Partners as it relates to clients receiving services through the Program. Certain sections also describe the activities of the Firm’s *Supervised Persons*, which refer to any officers, partners, directors (or other person occupying a similar status or performing similar functions), employees, or other persons who provide investment advice on Financial Partners’ behalf and are subject to the Firm’s supervision.

In addition to the Program, the Firm also offers financial planning, consulting and investment management services under different arrangements than those described herein. Information about these services is contained in Financial Partners’ Disclosure Brochure, which appears as Part 2A of the Firm’s Form ADV.

### Description of the Program

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The Program is offered as a wrap fee program, which provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. A wrap fee program is considered any arrangement under which clients receive investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts.

Prior to receiving services through the Program, clients are required to enter into a written agreement with Financial Partners setting forth the relevant terms and conditions of the advisory relationship (the “*Agreement*”). Clients must also open a new securities brokerage account and complete a new account agreement with Charles Schwab & Co., Inc. (“*Schwab*”) or another broker-dealer Financial Partners approves under the Program (collectively “*Financial Institutions*”).

At the onset of the Program, clients complete an investor profile describing their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, Financial Partners assists its clients in developing an appropriate strategy for managing their assets. Clients’ investment portfolios are generally managed on a discretionary basis by either Financial Partners’ investment adviser representatives or an independent investment manager (collectively “*Independent Managers*”), as recommended by Financial Partners. Financial Partners and/or the *Independent Managers* generally allocate clients’ assets among the various investment products available under the Program, as described further in Item 6 (below).

### **Fees for Participation in the Program**

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Investment management services are offered through the Program on a fee basis, meaning clients pay a single annualized fee based upon assets under management. The Firm also offers advisory services outside of the Program under different fee arrangements than those discussed below.

Financial Partners' asset based fee generally varies depending upon the amount of the assets being managed under the Program, as follows:

<b><u>PORTFOLIO VALUE</u></b>	<b><u>BASE FEE</u></b>
up to \$500,000	1.20% - 1.80%
\$500,001 - \$1,000,000	1.00% - 1.35%
\$1,000,001 - \$2,000,000	0.80% - 1.05%
\$2,000,001 - \$4,000,000	0.60% - 0.85%
\$4,000,001 - \$7,500,000	0.40% - 0.55%
above \$7,500,001	0.30% - 0.45%

This fee is prorated and billed quarterly, in advance, determined by the market value of the assets being managed by Financial Partners under the Program on the last day of the previous quarter.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not adjusted or prorated to account for the change in portfolio value. For the initial term of the Program, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final quarter is prorated through the effective date of the termination and the remaining balance is refunded to the client, as appropriate.

### **Fee Comparison**

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A portion of the fees paid to Financial Partners are used to cover the securities brokerage commissions and transactional costs attributed to the management of its clients' portfolios, as well as the fees charged by the *Independent Managers* engaged to provide services under the Program.

Services provided through the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients' accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Fees paid for the Program may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

### **Fee Discretion**

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Financial Partners, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets

to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

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**Fee Debit**

The Firm's *Agreement* and the separate agreement with any *Financial Institutions* generally authorize Financial Partners and/or the *Independent Managers* to debit its clients' accounts for the amount of the Program fee and to directly remit that fee to Financial Partners or the *Independent Managers*. Any *Financial Institutions* recommended by Financial Partners have agreed to send statements to clients not less than quarterly indicating all amounts disbursed from the account, including the amount of Program fees paid directly to Financial Partners.

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**Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to Financial Partners' right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Financial Partners, subject to the usual and customary securities settlement procedures. However, Financial Partners designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Financial Partners may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

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**Other Charges**

Clients may incur certain charges imposed by third parties in addition to the Program fee. These additional charges may include fees charged by the *Independent Managers*, charges imposed directly by a mutual fund or exchange-traded fund ("ETF") in the account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

## **Item 5. Account Requirements and Types of Clients**

Financial Partners provides its services primarily to individuals, but may also provide services to banking institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

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**Minimums Imposed By Independent Managers**

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Financial Partners does not impose a minimum portfolio size or minimum annual fee. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than Financial Partners. In such instances, Financial Partners may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

## **Item 6. Portfolio Manager Selection and Evaluation**

Financial Partners acts as the sponsor and sole portfolio manager under the Program. Clients' investment portfolios are managed either directly by Financial Partners or through the use of certain *Independent Managers*, as referenced above.

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**Portfolio Management**

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Financial Partners manages its clients' investment portfolios on a discretionary basis.

For accounts managed through the Program, Financial Partners primarily allocates assets among mutual funds, exchange-traded funds ("ETFs"), unit investment trusts, and individual debt and equity securities in accordance with the investment objectives of the client. In more limited circumstances, the Firm allocates clients' assets to independent investment managers ("*Independent Managers*"), as well as to the securities components of variable annuities and variable life insurance contracts. In addition, Financial Partners may also recommend that clients who qualify as accredited investors, as defined under Rule 501 of the Securities Act of 1933, invest in private placement securities, which may include debt, equity and/or pooled investment vehicles (e.g., hedge funds). The Firm also provides advice about any type of legacy position or investment otherwise held in its clients' portfolios.

Clients may also engage Financial Partners to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Financial Partners directs or recommends the allocation of client assets among the various investment options available with the product. Client assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Financial Partners tailors its advisory services to accommodate the needs of its individual clients and continuously seeks to ensure that its clients' portfolios are managed in a manner consistent with their specific investment profiles. Clients are advised to promptly notify Financial Partners if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Financial Partners determines, in its sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to the Firm's management efforts.

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**Selection or Recommendation of Independent Managers**

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Financial Partners evaluates various information about the *Independent Managers* in which it recommends or selects to manage client portfolios under the Program. The Firm generally reviews a variety of different resources, which may include the *Independent Managers'* public disclosure documents, materials supplied by the *Independent Managers* themselves, and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers'* investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposures. Financial Partners also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other related factors.

Financial Partners generally monitors the performance of those accounts being managed by *Independent Managers* by reviewing the account statements and trade confirmations produced by the *Financial Institutions*, as well as other performance information furnished by the *Independent Managers* and/or other third-party providers. The Firm does not verify the accuracy of any such performance information and does not ensure its compliance with presentation standards. Clients are advised that any performance information they receive from the *Independent Managers* may not be calculated on a uniform and consistent basis. Clients should compare all supplemental materials with the account statements they receive from their respective custodians.

The terms and conditions under which the client engages an *Independent Manager* are set forth in a separate written agreement between Financial Partners or the client and the designated *Independent Manager*. In addition to this Brochure, the client also receives the written disclosure brochure of the designated *Independent Managers* engaged to manage their assets.

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**Side-By-Side Management**

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Financial Partners does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

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**Methods of Analysis**

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Financial Partners generally utilizes a combination of largely fundamental and technical methods of analysis.

Fundamental analysis involves an evaluation of an issuer's fundamental financial condition and competitive position. Financial Partners generally analyzes the financial condition, capabilities of management, earnings capacity, new products and services, as well as the company's markets and position amongst its industry competitors in order to determine the recommendations made to clients. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.



Technical analysis involves the examination of past market data rather than specific company information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Financial Partners will be able to accurately predict such a reoccurrence.

### **Investment Strategies**

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Financial Partners seeks to preserve capital for clients by developing asset allocation portfolios based on a client's risk assessment score. Pursuant to the client's risk tolerance and investment goals, the Firm aligns clients with a pre-constructed investment strategy that has been back-tested and aims to create disciplined buy and sell recommendations. The approach is based on Technical Trend Analysis which allows for capital to be invested in markets trending upwards and to reduce or even eliminate risk in downward trending markets. By employing this strategy, Financial Partners hopes to reduce the overall risk to clients and increase their prospects for sustainable growth.

### **Risks of Loss**

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#### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

#### *Market Risks*

The profitability of a significant portion of Financial Partners' recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Financial Partners will be able to predict those price movements accurately.

#### *Mutual Funds and 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 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.

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"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The

trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

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.

#### *Use of Independent Managers*

Financial Partners may recommend the use of *Independent Managers* for certain clients. Financial Partners will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, Financial Partners does not have the ability to supervise the *Independent Managers* on a day-to-day basis.

#### *Management Through Similarly Managed Accounts*

Financial Partners may manage portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as "*investment strategy*"). In so doing, Financial Partners buys, sells, exchanges and/or transfers securities based upon the *investment strategy*.

Financial Partners' management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to Financial Partners' clients may be limited. Financial Partners allocates investment opportunities among its clients on a fair and equitable basis.

#### **Voting of Client Securities**

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Financial Partners is required to disclose if it accepts authority to vote client securities. Financial Partners does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

## Item 7. Client Information Provided to Portfolio Managers

In this Item, Financial Partners is required to describe the type and frequency of the information it communicates to the *Independent Managers*, if any, managing its clients' investment portfolios. Clients participating in the Program generally grant Financial Partners the authority to discuss certain non-public information with the *Independent Managers* engaged to manage their accounts. Depending upon the specific arrangement, the Firm may be authorized to disclose various personal information including, without limitation: names, phone numbers, addresses, social security numbers, tax identification numbers and account numbers. Financial Partners may also share certain information related to its clients' financial positions and investment objectives in an effort to ensure that the *Independent Managers'* investment decisions remain aligned with its clients' best interests. This information is communicated on an initial and ongoing basis, or as otherwise necessary to facilitate the management of its clients' portfolios.

## Item 8. Client Contact with Portfolio Managers

In this Item, Financial Partners is required to describe any restrictions on clients' ability to contact and consult with the portfolio managers managing their investment portfolios. Clients can generally contact the *Independent Managers* managing their portfolios through Financial Partners by providing the Firm with written request and identification of the questions or issues to be discussed with the *Independent Managers*. After receiving the client's written request, Financial Partners, at its sole discretion, may contact the *Independent Managers* for the client or arrange for the *Independent Managers* and the client to communicate directly.

## Item 9. Additional Information

### Disciplinary Information

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Financial Partners has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

### Other Financial Industry Activities and Affiliations

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#### *Licensed Insurance Agents*

Certain of Financial Partners' *Supervised Persons* are licensed insurance agents and in such capacity may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. A conflict of interest exists to the extent that Financial Partners recommends the purchase of insurance products where its *Supervised Person* receives insurance commissions or other additional compensation.

The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

#### *Certified Public Accountants*

Financial Partners does not render accounting advice or tax preparation services to its clients. Rather, to the extent that a client requires accounting advice and/or tax preparation services, Financial Partners, if requested, may recommend the services of a Certified Public Accountant, all of which shall be rendered independent of Financial Partners pursuant to a separate agreement between the client and the Certified Public Accountant. Financial Partners shall not receive any of the fees charged by any recommended Certified Public Accountant, referral or otherwise.

Ronnie C. Fox, a principal of Financial Partners, is also a principal of Ronnie Fox, P.C. ("*RFPC*"), a Certified Public Accounting firm located in Gallatin, TN. As discussed above, to the extent that *RFPC* provides accounting and/or tax preparation services to any of Financial Partners' clients, such services may be performed by *RFPC*, in its separate capacity, independent of Financial Partners, for which services Financial Partners shall not receive any portion of the fees charged by *RFPC*, referral or otherwise. Although Financial Partners shall not receive referral fees from *RFPC*, Ronnie C. Fox shall be entitled to receive distributions relative to his ownership interests in *RFPC*.

It may be the case that *RFPC* recommends Financial Partners' services to certain of its clients. Although *RFPC* shall not receive referral fees from Financial Partners, Ronnie C. Fox shall be entitled to receive distributions relative to his ownership interests in Financial Partners.

Neither *RFPC* nor any of its members are currently involved in rendering investment advice on behalf of Financial Partners.

#### **Code of Ethics**

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Financial Partners and persons associated with Financial Partners ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Financial Partners' policies and procedures.

Financial Partners has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). Financial Partners' *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Financial Partners or any of its associated persons. The *Code of Ethics* also requires that certain of Financial Partners' personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

When Financial Partners is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated above.

Clients and prospective clients may contact Financial Partners to request a copy of its *Code of Ethics*.

### **Account Reviews**

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For those clients to whom Financial Partners provides investment management services, Financial Partners monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Financial Partners provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by a Principal of the Firm. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Financial Partners and to keep Financial Partners informed of any changes thereto. Financial Partners contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Account Statements and General Reports**

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Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Financial Partners provides investment advisory services will also receive a report from Financial Partners that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance as clients may request from time to time. Clients

should compare the account statements they receive from their custodian with those they receive from Financial Partners.

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**Client Referrals**

If a client is introduced to Financial Partners by either an unaffiliated or an affiliated solicitor, Financial Partners may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from Financial Partners' investment management fee, and does not result in any additional charge to the client. If the client is introduced to Financial Partners by an unaffiliated solicitor, the solicitor provides the client with a copy of Financial Partners' written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Financial Partners discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Financial Partners' written disclosure brochure at the time of the solicitation.

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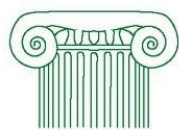
**Receipt of Economic Benefit**

Financial Partners has arrangements in place whereby the Firm receives an economic benefit from a third-party for providing investment advice to clients participating in the Program. Specifically, *Schwab* may provide the Firm with computer software and related systems support, which allow Financial Partners to better monitor client accounts maintained at *Schwab*. The software and support is not provided in connection with securities transactions of clients (i.e. not "soft dollars"). The software and related systems support may benefit Financial Partners, but not its clients directly. In fulfilling its duties to its clients, Financial Partners endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Financial Partners' receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Financial Partners' choice of broker-dealer over another that does not furnish similar software, systems support, or services.

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**Financial Information**

Financial Partners does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Financial Partners is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Financial Partners has no disclosures pursuant to this Item



# FINANCIAL PARTNERS

SPECIALIZING IN RETIREMENT PLANNING, DISTRIBUTION, AND WEALTH TRANSFER

Prepared by:



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