



## **Part 2A of Form ADV – Firm Brochure**

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**Brochure Dated: 1/2/24**

This Brochure provides information about the qualifications and business practices of ETF Portfolio Partners. If you have any questions about the content of this brochure, please contact us at 913-851-1100 or [info@etfportfoliopartners.com](mailto:info@etfportfoliopartners.com). 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.

ETF Portfolio Partners is a Registered Investment Adviser. The registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information to help determine if you should hire or retain the Adviser.

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

## **Item 2 – Material Changes**

This item will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. We will also reference the date of the last annual update of our brochure which was on 1/12/23. There are no material changes from our annual update.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year, which is December 31st. We may further provide other ongoing disclosure information about material changes, as necessary.

Additionally, we will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Our brochure may be requested free of charge by contacting Debbie Romey, Secretary of ETF Portfolio Partners at 913-851-1100 or [Debbie@etfportfoliopartners.com](mailto:Debbie@etfportfoliopartners.com).

Additional information about ETF Portfolio Partners is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with ETF Portfolio Partners, Inc., who are registered, or are required to be registered, as investment adviser representatives of ETF Portfolio Partners, Inc.

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#### **Item 4 – Advisory Business**

ETF Portfolio Partners, Inc. provides investment advisory services on a discretionary basis to individuals, high net-worth individuals, pension and profit-sharing plan participants, charitable organizations, corporations, trusts, and estates. These services are provided within guidelines formulated with each client, based on the client's specific investment goals, risk tolerance, and objectives. ETF Portfolio Partners manages various model portfolios comprised of exchange-traded funds and cash equivalents designed to maximize return for a given level of risk. The primary difference between the various portfolios we offer is how each portfolio is allocated among equity and fixed income exchange-traded funds.

ETF Portfolio Partners was founded in February 2004 in Overland Park, Kansas. The firm is a privately held company. The principal owners are Richard Romey, President and Chief Compliance Officer, Debbie Romey, Vice President and Secretary. There is one outside shareholder, Dr. Jeffrey L. Schlachter.

During our initial conference with a prospective client, we discuss our investment approach, philosophy, fee structure and our investment qualifications. The prospective client is provided a copy of our Firm Brochure (ADV Part 2A), Brochure Supplement (ADV Part 2B), Privacy Notice, and Client Relationship Summary (ADV Part 3). If a prospective client elects to retain ETF Portfolio Partners as their portfolio manager, they are asked to complete an Investment Advisory Agreement, to designate and agree upon a custodian to hold their securities and execute transactions to be affected by ETF Portfolio Partners on their behalf. We discuss the options for retirement account assets with the prospective client. For retirement accounts a Rollover Suitability Questionnaire is completed and signed. They are also given an Investor Profile Questionnaire to complete on their own or to work through in a meeting. We use the answers provided by the client on the questionnaires along with notes taken during client meetings, to determine and agree upon an appropriate asset allocation.

ETF Portfolio Partners currently manages approximately \$325,877,865 in client assets. Of that, approximately \$324,863,169 are managed on a discretionary basis and approximately \$1,014,696 on a non-discretionary basis as of 1/2/2024.

#### **Item 5 – Fees and Compensation**

**Advisory Fees:** ETF Portfolio Partners charges an annual investment management fee, based upon a percentage of the market value (securities and cash) of the assets being managed by ETF Portfolio Partners. Clients may elect, by designating on the Investment Advisory Agreement, to be billed directly for fees or to authorize ETF Portfolio Partners to directly debit fees from their accounts.

Our compensation is fee-based, meaning as a client's account goes up in value, the fee that we receive will go up as well. We will never discourage clients from removing funds from their accounts for purchases such as travel, houses, cars, or personal expenses, since this would be in conflict of our fiduciary responsibility. Our duty to our clients as fiduciaries is that our advice is always based on our client's best interests.

The advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter.

Fees will be billed or deducted, as per the client's instructions, the first week of the quarter or after assets are deposited or transferred into the accounts.

Fees are negotiable for special circumstances and are calculated based upon the following schedule:

<u>Total Household Portfolio Market Value</u>	<u>Annual Fee</u>
First \$1,000,000	1.00%
Next \$4,000,000	0.75%
Thereafter	0.50%

The Investment Advisory Agreement may be canceled at any time, by either party, with 30 days' written notice. Upon termination, the client will receive a prorated refund of that portion of any prepaid advisory fees that have yet to be earned by ETF Portfolio Partners. The refund will be calculated from 30 days after the date of the receipt of the written termination notice or other agreed upon date.

ETF Portfolio Partners' fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment advisers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and/or other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in each fund's prospectus. Such charges, fees, and commissions are exclusive of and in addition to ETF Portfolio Partners' fee. ETF Portfolio Partners does not receive any portion of these commissions, fees, and costs.

Refer to Item 12 which describes the factors that ETF Portfolio Partners considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions). Clients have the option to purchase investment products through broker-dealers of their choice.

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

ETF Portfolio Partners does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

ETF Portfolio Partners provides portfolio management services to individuals including trusts, IRAs, estates, 401(k) plan participants, and high net-worth individuals. We also provide portfolio management services to charitable organizations.

As a condition for starting and maintaining a relationship, ETF Portfolio Partners shall generally impose a minimum portfolio size of \$250,000. ETF Portfolio Partners, at its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, account composition, related “household” accounts, and pre-existing clients. ETF Portfolio Partners shall accept clients with less than the minimum portfolio size, if in the sole opinion of ETF Portfolio Partners, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client’s identified risk tolerance.

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

Our investment philosophy is based on the belief that the most important decision an investor can make is the “asset allocation decision” or the mix between broad asset classes such as stocks, bonds, and cash chosen for the investor’s portfolio. We believe this decision is the most significant factor in determining long-term investment results for any investor.

Our strategy is to construct investment portfolios that will provide our clients with a portfolio that balances risk, in the form of portfolio volatility with return. We begin our analysis with a thorough review of each investor’s investment goals, time horizon, and risk tolerance. This analysis is completed in discussions with each client after reviewing their responses to our investment profile questionnaire. After an agreement is reached on the investor’s risk and return profile, a portfolio of Exchange Traded Funds (ETFs), comprised of a diversified mix of stock ETFs, bond ETFs, and cash equivalents are selected that we believe will best meet the individual investor’s needs. This portfolio is then continually monitored and periodically rebalanced as market conditions are reassessed.

ETF Portfolio Partners maintains regular ongoing contact with the investor through individual meetings (on the phone, video call, or in person), quarterly statements, and

reports as well as periodic email updates. As an investor's goals, time horizon, or risk tolerance change over time, the portfolio allocation is adjusted as necessary to meet the investor's needs. We explain to the client that investing in a diversified portfolio of exchange-traded funds involves the potential risk of loss of principal and that the client should be prepared to bear this risk, particularly over shorter time periods.

ETF Portfolio Partners offers clients a single strategy, the management of globally diversified, balanced portfolios comprised of a mix of stock ETFs, bond ETFs, and cash/cash equivalents. Using ETFs, our strategy is to build portfolios that balance risk, defined as the volatility of the portfolio, with return. We attempt to reduce risk through investing in baskets of securities (ETFs) rather than investing in individual security issues. We are investors rather than traders, which means we trade sparingly, thereby keeping transaction costs low. Tax consequences, (i.e., gains and losses based upon anticipated portfolio changes) are discussed with clients on an ongoing basis. The risks in our strategy center around market fluctuations providing an element of volatility whereby the portfolio's value will fluctuate daily. ETF Portfolio Partners does not utilize margin trading in any of our portfolios. As much as possible, we attempt to limit risk through diversification and therefore improve the probability of producing positive returns, especially over a long-time period.

We use Exchange-Traded Funds, commonly referred to as ETFs, in our portfolios. ETFs are diversified baskets of securities. As such, it is generally accepted that owning ETFs carries less risk than owning individual shares of common stocks.

## **Item 9 – Disciplinary Information**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of ETF Portfolio Partners or the integrity of ETF Portfolio Partners' management.

ETF Portfolio Partners or management have never been subject to any legal or disciplinary action.

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

ETF Portfolio Partners has no arrangements or affiliations that are applicable to this item.

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

ETF Portfolio Partners has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

Our Code of Ethics is available upon request and free of charge by contacting ETF Portfolio Partners at 913-851-1100.

ETF Portfolio Partners or any related person does not recommend to clients and does not buy or sell for clients, securities in which ETF Portfolio Partners or a related person has a material interest.

Employees and persons associated with ETF Portfolio Partners are required to follow ETF Portfolio Partners' Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors, and employees of ETF Portfolio Partners and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for ETF Portfolio Partners' clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of the employees of ETF Portfolio Partners will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time allowing employees to invest for their own accounts.

In addition, the Code of Ethics requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as a client, there is a possibility that employees might benefit from market activity by a client investing in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between ETF Portfolio Partners and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with ETF Portfolio Partners' obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. ETF Portfolio Partners will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.



ETF Portfolio Partners will not affect any principal or agency cross-securities transactions for client accounts. ETF Portfolio Partners will not cross trades between client accounts.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to an advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

ETF Portfolio Partners is not dually registered as a broker-dealer and is not affiliated with any broker-dealer.

## **Item 12 – Brokerage Practices**

ETF Portfolio Partners has authority provided in the Investment Advisory Agreement to determine, without obtaining specific client consent, the securities to be bought or sold and the amount of securities to be bought or sold in accordance with client's predetermined portfolio allocation. ETF Portfolio Partners does not take custody of money or securities in advisory accounts. ETF Portfolio Partners shall have no right to withdraw either cash or securities from a client's account, except as the client directs by written authority in the Investment Advisory Agreement pertaining to the deduction of advisory fees. ETF Portfolio Partners may have limited authorization to direct funds to other accounts you may have at a bank or at your custodian. These requests are established directly with the custodian upon your written authorization on specific forms.

ETF Portfolio Partners does not have the authority to use a specific broker/dealer. Unless the client directs otherwise, ETF Portfolio Partners shall generally recommend that all investment management accounts be maintained by Fidelity Investments or Charles Schwab. Factors that ETF Portfolio Partners consider in recommending custodians to clients include their respective financial strength, reputation, execution, pricing, and services.

These firms generally do not charge its advisor clients separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through them or that settle into their accounts (i.e., transaction fees are charged by certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions).

ETF Portfolio Partners does not receive any portion of the brokerage commissions and/or transaction fees charged to clients. Additionally, ETF Portfolio Partners has no control over the commission rate charged by the custodian to transact trades on behalf of the client.

ETF Portfolio Partners has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, “Fidelity”), and Charles Schwab through which they provide ETF Portfolio Partners with “institutional platform services.” The institutional platform services include brokerage, custody, and other related services. The institutional platform services that assist ETF Portfolio Partners in managing and administering clients’ accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple clients accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients’ accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

They also offer services intended to help ETF Portfolio Partners manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third-party service providers who provide a wide array of business-related services and technology with whom ETF Portfolio Partners may contact directly.

Fidelity Investments and Charles Schwab provide ETF Portfolio Partners with certain brokerage and research products and services that qualify as “brokerage or research services” under Section 28(e) of the Securities Exchange Act of 1934 (“Exchange Act”).

ETF Portfolio Partners is independently owned and operated and is not affiliated with Fidelity Investments, Charles Schwab, or any other custodian.

### **Item 13 – Review of Accounts**

Richard D. Romey, President and Chief Compliance Officer, reviews all accounts on an ongoing basis. Each of our model portfolios is reviewed at least weekly. We review asset allocation mix, holdings, asset class, and exposures. Client accounts are reviewed at least quarterly based on the account’s investment objective, client guidelines, market conditions, and changes in the client’s financial status, as communicated by the client. All investment advisory clients are encouraged to discuss their needs, goals, and objectives, or any other relevant factors with ETF Portfolio Partners on a regular basis. A sample of total accounts are reviewed annually.

ETF Portfolio Partners provides each client with a report on a quarterly basis detailing items such as performance net of fees over various time periods, quarterly fees paid or owed, and current portfolio value. The designated custodian/broker will provide clients with monthly or quarterly account statements that reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid. The custodian/broker will also provide prompt confirmation of all trading activity, monthly or quarterly statements, year-end statements, and tax documents such as 1099 forms.

Clients are encouraged to access and review their accounts online and contact ETF Portfolio Partners with any questions or concerns.

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

This item does not apply to ETF Portfolio Partners.

#### **Item 15 - Custody**

ETF Portfolio Partners does not have custody of client funds or securities. ETF Portfolio Partners may be given the authority to deduct fees from the client accounts indicated by client preference in the investment advisory agreement. ETF Portfolio Partners may have limited authority to request disbursements on the client's behalf to other client accounts, only after specific written documents are sent to the custodian.

Clients will receive a statement from the custodian showing the fees deducted or an invoice from ETF Portfolio Partners to remit advisory fees. Clients will receive at least quarterly statements from the qualified custodian that holds and maintains the client's investment assets. ETF Portfolio Partners urges clients to review their statements received from the custodian on an ongoing basis and to call with any questions or concerns.

#### **Item 16 – Investment Discretion**

ETF Portfolio Partners receives discretionary authority from the client at the outset of an advisory relationship. This is in the Investment Advisory Agreement which gives ETF Portfolio Partners the authority to select the identity and amount of securities to be bought or sold and the authority to rebalance or change allocations in accounts as market conditions warrant. This is discussed in meetings with the client prior to managing the accounts. As an investor's goals, time horizon or risk tolerance change over time, the portfolio is adjusted as necessary to meet the investor's needs. This discretion is to be exercised in a manner consistent with the stated investment objectives for the client.

When selecting securities and determining percentage allocations, ETF Portfolio Partners observes the investment policies, limitations, and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to ETF Portfolio Partners in writing, in the appropriate space provided in the Investment Advisory Agreement.

ETF Portfolio Partners does not have the authority to withdraw funds or take custody of client funds or securities other than where the client has authorized the deduction of advisory fees via a qualified custodian.

### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, ETF Portfolio Partners does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for all securities maintained in client portfolios. ETF Portfolio Partners may provide advice to clients regarding the client's voting of proxies only at the client's request.

### **Item 18 – Financial Information**

Registered Investment Advisers are required in this Item to provide you with certain financial information or disclosures about ETF Portfolio Partners' financial condition.

ETF Portfolio Partners does not accept prepayment of more than \$500 in fees per client, six months or more in advance.

ETF Portfolio Partners has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

# ETF Portfolio Partners

## PRIVACY NOTICE

This notice is being provided to you in accordance with the Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P").

### INFORMATION WE COLLECT

ETF Portfolio Partners must collect certain personally identifiable financial information or non-public personal information about its clients to ensure that it offers the highest quality of service. The non-public personal information which we gather during the normal course of doing business with you may include:

- Information reported by you on applications or other forms you provide us.
- Information about your transactions with us, our affiliates, or others; and
- Information we receive in conversations and emails with you.

### INFORMATION WE DISCLOSE

We do not disclose any non-public personal information about our clients or former clients to anyone, except as required by law. In accordance with Section 248.13 of Regulation S-P, we may disclose all of the information we collect, as described above, to certain non-affiliated third parties such as attorneys, accountants, auditors, account custodian, and persons or entities that are assessing our compliance with industry standards. We will disclose information about you only as described above, directed by you or as required by law.

### INFORMATION SAFEKEEPING

ETF Portfolio Partners will internally safeguard your non-public personal information by restricting access to only those employees who provide products or services to you or those who need access to your information to service your account. In addition, we will maintain physical, electronic and procedural safeguards that meet federal and/or state standards to guard your non-public information.

ETF Portfolio Partners employees are required to sign an Employee Privacy Agreement at the start of their employment. In addition, on an annual basis, employees receive a copy of the Privacy Notice and are required to sign an acknowledgement form confirming their understanding and commitment to all parts of the Privacy Notice.

If you have any questions about the content of this notice, please contact us at 913-851-1100 or [info@etfportfoliopartners.com](mailto:info@etfportfoliopartners.com).

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