

**Form ADV Part 2A Appendix 1 - Wrap Fee Program Brochure
Item 1: Cover Page
July 2023**



Financial Partner, LLC's Wrap Fee Program

Sponsored By:

**Financial Partners, LLC
613 Old Santa Fe Trail
Santa Fe, NM 87505
CRD # 170002
<https://www.fprrs.com>**

**Firm Contact:
Silas M. Peterson
Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Financial Partners, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at (505) 795-7910 or email at s.peterson@fprrs.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 Financial Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Please note that the use of the term "registered investment adviser" and description of Financial Partners, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

Item 2: Material Changes

Financial Partners, LLC is required to advise you of any material changes to the Wrap Brochure ("Wrap Brochure") from our last annual update.

Since our last annual amendment filed on 01/23/2023, we have the following material changes to disclose:

- We have established a custodial arrangement with Charles Schwab & Co., Inc. ("Schwab"), which has acquired our previously recommended custodian, TD Ameritrade, Inc. ("TD Ameritrade"). Please see Item 12 and Item 14 for additional information.
- As of July 1st, 2023, our firm's ownership has changed. Charles Goodman has divested his share of Financial Partners, LLC to Peter Murphy and Silas Peterson, now 65% and 35% owners, respectively. Please see Item 4 of this Brochure for more information.
- As of July 1st, 2023, Silas Peter now serves as Chief Compliance Officer of our firm.

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Item 4: Service, Fees & Compensation

Financial Partners, LLC ("Financial Partners") is a limited liability company organized under the laws of the State of New Mexico on 3/4/2010 as Santa Fe Investment Group LLC. Our firm changed its name to New Mexico Financial Partners, LLC on 11/25/2013 and to Financial Partners, LLC on 6/13/2016. We are owned by and Peter D. Murphy (65%) and Silas M. Peterson (35%). As of 12/31/2022, our firm manages \$99,538,508 on a discretionary basis.

Under the Wrap Comprehensive Portfolio Management service, you will pay a single fee for investment advice and all transaction related costs associated with executing transactions. A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services include portfolio management, and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity. You should be aware that there is a conflict of interest because we may have an incentive to limit our trading activities in your account(s) since we are charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker. As a fiduciary, we always put our Client's interest above our own.

The benefits of a wrap fee program depend, in part, upon the size of the account, the costs associated with managing the account, and the frequency or type of securities transactions executed in the account. For example, a wrap fee program may not be suitable for all accounts, including, but not limited to, accounts holding primarily, and for any substantial period of time, cash or cash equivalent investments, fixed income securities or no-transaction-fee mutual funds, or any other type of security that can be traded without commissions or other transaction fees. In order to evaluate whether our wrap fee arrangement is appropriate for you, you should compare the agreed-upon wrap program fee and any other costs associated with participating in our wrap fee program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and execution costs, and custodial services comparable to those provided under our wrap fee program.

Our recommended custodian, Charles Schwab & Co., Inc. ("Schwab"), does not charge transaction fees for online trades of U.S. exchange-listed equities, U.S. exchange-listed exchange traded funds ("ETFs"), and no-transaction-fee ("NTF") mutual funds. TD Ameritrade, Inc. ("TD Ameritrade"), does not charge transaction fees for U.S. listed equities and exchange traded funds. Since we pay the transaction fees charged by the custodian to clients participating in our wrap fee program, this presents a conflict of interest because we are incentivized to recommend equities and exchange traded funds over other types of securities in order to reduce our costs.

Schwab and TD Ameritrade are broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. We are independently owned and operated and not affiliated with Schwab. Schwab will act solely as a broker-dealer and not as an investment advisor to you. It will have no discretion over your account and will act solely on instructions it receives from us. Schwab has no responsibility for our services and undertakes no duty to you to monitor

our firm's management of your account or other services we provide to you. Schwab will hold your assets in a brokerage account and buy and sell securities and execute other transactions when we instruct them to. We do not open the account for you.

Our Wrap Advisory Service

A wrap fee program provides professional asset management service for a convenient, single "wrap" fee that covers account management, brokerage, clearance, custody, and administrative services. We will receive a portion of the wrap fee program fee for our services. The wrap fee program is administered through our custodian, TD Ameritrade. As part of our Wrap Comprehensive Portfolio Management service, clients will be provided asset management and financial planning or consulting services. We will work with you to identify your investment goals and objectives, risk tolerance and time horizons in order to create a portfolio allocation that we feel will allow you to achieve your goals while assuming the appropriate level of risk. Your portfolio will be tailored to meet your specific needs. You will have the opportunity to place reasonable restrictions on the investment in certain securities or the types of securities to be held in the portfolio. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon your individual needs, stated goals and objectives. Upon request, our firm provides a summary of observations and recommendations for the planning or consulting aspects of this service.

Wrap Fee:

The maximum annual fee for this service is 1.65%. Fees are negotiable under limited circumstances based upon portfolio size and other business considerations. The independent custodian will deduct our fee quarterly in advance; however, for the initial fee deduction, the independent custodian will deduct our fee at the beginning of the quarter following the establishment of the Account and will include a prorated fee for the initial quarter in addition to the fee for the upcoming quarter. Subsequent fee deductions will be made at the beginning of each quarter based on the value of the Account assets as of the close of business on the last business day of the preceding quarter. Adjustments will be made for deposits and withdrawals in client accounts. Our firm bills on cash unless indicated otherwise in writing. Certain accounts may establish procedures to pay our fee directly rather than through a debit to the Account. The fee schedule may vary based upon portfolio size and other business considerations. You may terminate this service upon 30 days written notice and a refund will be made on a pro-rata (by day) basis of any unearned fees paid in advance.

The investment advisory agreement may be terminated by either party upon 30 days written notice to the other. Full refunds will only be made in cases where cancellation occurs within five (5) business days of signing the investment advisory agreement. After five (5) business days, you will receive pro-rata refund, which takes into account work we completed on your behalf. You will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by you.

Other Types of Fees & Expenses:

You may pay holdings charges imposed by the custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's

prospectus (e.g., fund management fees and other fund fees), distribution fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from the custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap fee you are charged by our firm.

We do not recommend or offer the wrap program services of other providers. Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if your account is not actively traded.

Conflict of Interest:

The wrap fee service may cost clients more or less than purchasing such services separately depending on the frequency of trading in the client's accounts, commissions charged at other custodians for similar products and fees charged for like services by other custodians and other factors.

Item 5: Account Requirements & Types of Clients

We offer financial and investment advisory services to individuals, high-net-worth individuals, and charitable organizations. We do not impose a minimum account size for opening or maintaining an account with us.

Item 6: Portfolio Manager Selection and Evaluation

Our firm utilizes our in-house portfolio managers as well as a selection of outside portfolio managers. In-house accounts are managed by licensed Investment Adviser Representatives ("IARs") of our firm. Our IARs are responsible for the investment advice and management offered to clients. The client selects the IAR who manages the account. Prior to becoming licensed with our firm, each IARs industry experience, licensure, outside business activities, client complaints (if any), disciplinary or regulatory history (if any) and financial well-being will be reviewed. Each IAR will then have a Form U4 and ADV Part 2B on file with our firm. Outside portfolio managers, either individually or firm-wide, are selected based on past performance, investment philosophy, market outlook, experience of associated portfolio managers and executive team, disciplinary, legal and regulatory histories of the firm and its associates, and/or whether compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, and/or anti-money laundering.

Performance returns of wrap portfolios are reviewed at least quarterly. The nature of these reviews is to learn whether client accounts are in line with their investment objectives and appropriately

positioned based on market conditions. If these standards fall below the client objectives, our firm will discuss the review with the portfolio manager for proactive action to realign the investment strategy.

Advisory Business:

Information about our wrap fee service can be found in Item 4 of this brochure. Our firm offers individualized investment advice to our Wrap clients. Each Wrap client may place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

Participation in Wrap Fee Programs:

Our firm does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. All accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

Performance-Based Fees and Side-By-Side Management:

We do not charge performance-based fees (i.e., advisory fees based on a share of the capital gains on or capital appreciation of the assets of a client). Our compensation structure is disclosed in detail in Item 4 above.

Methods of Analysis, Investment Strategies and Risk of Loss:

Your investment portfolio will be tailored to help you accomplish your unique financial goals and objectives. In determining the recommendations to give to you, we will first gather and consider information regarding several factors including your:

- current financial situation,
- investment goals and objectives,
- current and long-term needs,
- tolerance and appetite for risk, and
- level of investment knowledge.

After developing a thorough understanding of your risk tolerance and goals, we will work together to create a customized investment portfolio designed specifically for you. You have the opportunity to place reasonable restrictions or constraints on the way your account is managed; however, such restrictions may affect the composition and performance of your portfolio. For these reasons, performance of the portfolio may not be identical with our average client.

We use several different methods of analysis and sources of information when formulating investment strategies. We source information from financial periodicals, research materials prepared by others, annual reports, prospectuses, filings with the SEC, and company press releases.

We employ fundamental and technical analysis in formulating investment advice. Fundamental analysis involves reviewing financial statements to understand the general financial health of a

company, and reviewing the management team or advantages the company may have over the competitors.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. We may use one or more of the following investment strategies when providing investment advice to you:

- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- Trading - securities sold within 30 days.

Please Note:

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease, and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

We will rebalance your portfolio periodically to control risk, take profits and enhance tax efficiency. We will reduce or eliminate positions due to lack of performance, to achieve certain tax benefits, to capture profits and to tactically re-allocate holdings.

While we seek to take advantage of investment opportunities for our clients that will seek to balance investment returns with the risk of loss, there is no guarantee that such opportunities will ultimately benefit our client. We will change client portfolios in response to market conditions that are unpredictable and may expose our client to greater market risk than seen in previous market cycles. There is no assurance that our investment strategy will enable our client to achieve their investment objectives.

Voting Client Securities (i.e., Proxy Voting):

As a matter of firm policy and practice, we do not vote proxies on behalf of our advisory clients. Our client advisory agreements or other client documents provide that our advisory clients expressly retain the authority and responsibility for voting proxies of portfolio securities. We may provide advisory clients with administrative assistance regarding proxy voting or issues; however, the clients have the responsibility to receive and vote any proxies.

Item 7: Client Information Provided to Portfolio Managers

We are required to describe the information about you that we communicate to your portfolio manager(s), and how often or under what circumstances we provide updated information. Our firm communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, etc.) to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate information to your portfolio manager(s) when you ask us to, when market or economic conditions make it prudent to do so, etc.

Item 8: Client Contact with Portfolio Managers

We have not placed any restrictions on your ability to contact and consult with your portfolio manager.

Item 9: Additional Information

Disciplinary Information

We have determined that our firm and management have no disciplinary information to disclose.

Other Financial Industry Activities and Affiliations

Certain IARs are licensed to sell insurance products through various companies. Appropriately licensed IARs will receive compensation for the sale of such products. You are under no obligation to purchase insurance products through any particular insurance agency or IAR and may effect any such transactions where you desire.

We do not receive compensation directly or indirectly from other investment advisers nor have other business relationships with other investment advisers for whom we have referred our clients.

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

Our firm has adopted a written Code of Ethics in compliance with SEC Rule 204A-1 under the Investment Advisers Act of 1940 (as amended—the Advisers Act). All employees of Financial Partners are deemed by the Advisers Act to be supervised persons¹ and are therefore subject to this Code of Ethics. In carrying on its daily affairs, the Company and all of our associated persons shall act in a fair, lawful and ethical manner, in accordance with the rules and regulations imposed by the Company's governing regulatory authority.

¹ Supervised person means any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser.

We have created a Code of Ethics which establishes standards and procedures for the detection and prevention of certain conflicts of interest including activities by which persons having knowledge of the investments and investment intentions of Financial Partners might take advantage of that knowledge for their own benefit. We have in place Ethics Rules (the “Rules”), which are comprised of the Code of Ethics and Insider Trading policies and procedures. The Rules are designed to ensure that our personnel (i) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; (ii) at all times place your interests first; (iii) disclose all actual or potential conflicts; (iv) adhere to the highest standards of loyalty, candor and care in all matters relating to you; (v) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and (vi) not use any material non-public information in securities trading. The Rules also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of the Rules, our personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any client; and 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the Rules.

Our personnel are required to conduct their personal investment activities in a manner that we believe is not detrimental to its advisory clients. Our personnel are not permitted to transact in securities except under circumstances specified in the Code of Ethics. The policy requires all Access Persons² to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code of Ethics. In the event that you request a copy of our Code of Ethics, we will furnish a copy within a reasonable period of time to you at your current address of record.

We do not, nor do any of our related persons, recommend to you, or buy or sell for your accounts, securities in which we (or a related person) have a material financial interest. Our related persons may invest in the same securities that we or a related person recommend to clients. To minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm’s Code of Ethics, a copy of which is available upon request. Additionally, we do not, nor does a related person, recommend securities to you, or buy or sell securities for your accounts, at or about the same time that we (or a related person) buy or sell the same securities for our own (or the related person’s own) account.

We do not execute transactions on a principal or agency cross basis for equity transactions.

Pursuant to applicable Federal and/or State Privacy Regulations, we are a financial institution that has determined to keep confidential non-public personal information about each of our client.

² Access person means any of your supervised persons who has access to nonpublic information regarding any clients’ purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic. If providing investment advice is your primary business, all of your directors, officers and partners are presumed to be access persons.

A full copy of our Privacy Policy is provided, upon inception, of a new client and is provided each year thereafter. You may request a copy of our Privacy Policy at any time and a copy will be furnished within a reasonable period of time to you at your current address of record.

Review of Accounts

Our management personnel or financial advisors will review accounts at least quarterly. The review covers evaluation of the account's asset allocation against the recommended allocation for that particular investment objective. The process also includes evaluation of the account's performance against benchmarks of similar investment objectives. We will discuss your current financial status, risk tolerance, and investment objective and goals to determine whether adjustments are required to your current asset allocation and account holdings. Changes in macroeconomic and company specific events may trigger additional reviews.

We will rebalance your portfolio periodically to control risk, take profits and enhance tax efficiency. We will reduce or eliminate positions due to lack of performance, to achieve certain tax benefits, to capture profits and to tactically re-allocate holdings.

Clients will receive monthly statements for their account reflecting account values, positions, and activities from the account custodian. In addition, clients will receive quarterly performance reports comparing the performance of their advisory accounts versus common benchmarks and indices from their independent custodian.

Client Referrals and Other Compensation

Schwab:

We receive an economic benefit from Schwab in the form of the support products and services that it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. In addition, Schwab has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at Schwab reaches a certain size. [In some cases, a recipient of such payments is an affiliate of ours or another party which has some pecuniary, financial or other interests in us (or in which we have such an interest).] You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest are described in Item 12: "Brokerage Practices" of our Firm Brochure.

TD Ameritrade:

Our firm may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice given to clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client

accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm's related persons. In addition, TD Ameritrade is assisting with covering the transaction costs for our clients converting their accounts from LPL Financial to TD Ameritrade. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade for custody and brokerage services.

Client Referrals:

In accordance with Rule 206 (4)-1 of the Investment Advisers Act of 1940, our firm does not provide cash or non-cash compensation directly or indirectly to unaffiliated persons for testimonials or endorsements (which include client referrals).

Financial Information

We have no financial condition that is reasonably likely to impair our ability to meet our contractual commitments to you. Furthermore, we do not require or solicit prepayment of fees greater than \$1,200 per client and six months or more in advance. In addition, we are not currently, nor at any time in the past ten years, been the subject of a bankruptcy petition.