

**Part 2A of Form ADV: Firm Brochure
Item 1: Cover Page
July 2023**



**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 our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure.

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: Advisory Business

Financial Partners, LLC (“Financial Partners”) is a limited liability company organized under the laws of the State of New Mexico on 03/04/2010 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 Peter D. Murphy (65%) and Silas M. Peterson (35%). We are registered as an investment adviser with the U.S. Securities and Exchange Commission in order to provide the investment advisory products and services described in this document.

We offer investment advisory services on a discretionary and non-discretionary basis to individuals, high net worth individuals, pension and profit sharing plans (other than plan participants), and charitable organizations. This Disclosure Brochure provides you with information regarding our qualifications, business practices, and nature of advisory services that should be considered before becoming our advisory client.

Below is a description of the investment advisory services that we offer. For more details on any product or service, please reference the advisory agreement, wrap brochure or speak with Silas M. Peterson or your investment advisor representative (“IAR”).

Description of the Types of Advisory Services We Offer

Comprehensive Portfolio Management Services:

As part of our 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 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.

Our firm may utilize the sub-advisory services of a third-party investment advisory firm or individual advisor (collectively, the “Third-Party Managers”) to aid in the implementation of an investment portfolio designed by our firm. Before selecting a firm or individual, our firm will ensure that the chosen party is properly licensed or registered. Our firm will not offer advice on any specific securities or other investments in connection with this service. We will provide initial due diligence on Third-Party Managers and ongoing reviews of their management of client accounts. To assist in the selection of a Third-Party Manager, our firm will gather client information pertaining to financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account.

Our firm will periodically review Third-Party Manager reports provided to the client at least annually. Our firm will contact clients from time to time to review their financial situation and

objectives; communicate information to Third-Party Managers as warranted; and assist the client in understanding and evaluating the services provided by the Third-Party Manager. Clients will be expected to notify our firm of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

Financial Planning Services:

We make available a variety of financial planning services. The scope of the services and the fees for these services are pursuant to a written financial planning agreement. Generally, such financial planning services will involve preparing a written financial plan or rendering a financial consultation for clients based on their current situation, financial goals, and objectives.

You will designate which specific service(s) to be provided in the Financial Planning Agreement, which may encompass one or more of the following areas:

1. Personal Financial Planning - the process of determining whether and how a client can meet life goals through the proper management of financial resources by creating a financial plan; a detailed strategy tailored to a client's specific situation to help meet a client's specific goals.
2. Investment Planning - an analysis of appropriate investments, and appropriate adjustments to existing investments, based upon the client's description of their primary investment concerns, needs, goals and objectives. This analysis does not include ongoing management or monitoring of investments or portfolios.
3. Retirement Planning - an analysis of the lump-sum and/or periodic dollar commitment necessary to meet stated financial goals during retirement taking into consideration the client's assets and liabilities, projected social security, pension or other retirement benefits and desired level of income at retirement.
4. Education Planning - the process of preparing for post-secondary education.
5. Risk Management & Insurance Planning - an analysis of the client's insurance needs and coverages, taking into account the client's accumulation goals, assets and liabilities, sources of income, and income needs for the client's beneficiary upon death or disability.
6. Tax Planning - an analysis of the client's tax situation that is based on a general understanding of current tax laws. Analyses are subject to verification by the client's own tax expert.
7. Estate Planning - an analysis of estate settlement costs, which include taxation and administrative costs and an evaluation of estate reduction and tax payment techniques. It involves discussion of gifts, trusts, and estate planning documents. Analyses are subject to verification by the client's own estate planning expert.
8. Miscellaneous Advisory Services - hourly fees may be charged for an annual review of a financial plan or for specific advice regarding implementation of the planning topic(s) selected above, investment techniques and investments in specific securities, insurance products, and other investment vehicles or specific advice.

The plan or separate financial consultation will usually include general recommendations for a course of activity or specific actions to be taken by the client. Plans or consultations are typically completed within six (6) months of the contract date, assuming all information and documents requested are promptly provided.

Our financial planning services involve an assessment of the client's financial situation, including an analysis of financial planning needs and current investment portfolio(s). The information provided by the client is examined in relation to long and short-term investment objectives, specific client needs as perceived by Financial Partners, market conditions and general economic conditions. The advice includes specific recommendations regarding long- and short-term financial planning and recommendations concerning the retention or disposition of the client's securities and other investments. This service also includes at least one written report and one or more meetings to discuss the status of your financial situation and our specific recommendations.

Prior to engaging us to provide financial planning or consulting services, you will be required to enter into a Financial Planning Agreement that sets forth the terms and conditions of the engagement, describing the scope of the services to be provided and the fees due to us upon completion of the services. If requested, we may recommend the services of other professionals for implementation purposes. You will provide these professionals the necessary information to perform the required services. We will not be compensated for referring you to these professionals. You are under no obligation to engage the services of any such recommended professional. You retain absolute discretion over all such implementation decisions and are free to accept or reject any recommendations.

Advisory recommendations are based on your financial situation at the time the services are provided and are based on financial information disclosed by you. You are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. You are advised that you have the responsibility to promptly notify us if there are ever any changes in your financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

We are required to disclose to our financial planning clients that a conflict of interest exists between us and our clients. The client is under no obligation to act upon the investment adviser's recommendation. As a fiduciary, we always put our client's interests ahead of our own. If the client elects to act on our recommendations, the client is under no obligation to affect the transaction through us. Implementation of the recommendations will be at the discretion of the client.

Tailoring of Advisory Services

We offer individualized investment advice to clients utilizing our Comprehensive Portfolio Management Services. Additionally, we offer general investment advice to clients utilizing our Financial Planning Services.

Each client may place reasonable restrictions on the types of investments/securities to be held in the portfolio by contacting their Financial Partners IAR. Clients are also able to specify restrictions and limitations in their advisory agreement. 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

We offer wrap fee programs as further described in Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”) of our Brochure. Under our Wrap Comprehensive Portfolio Management service, clients are charged an inclusive fee that covers any account management, brokerage, clearance, custody, and administrative services. Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client’s investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

Regulatory Assets Under Management

As of 12/31/2022, our firm manages \$99,538,508 on a discretionary basis.

Item 5: Fees & Compensation

How We Are Compensated for Our Advisory Services

Comprehensive Portfolio Management Services:

The following fee schedule will be the fee schedule in effect until any change is agreed upon, in writing, by both the Company and the client.

Market Value of Assets	Annual Fee
First \$500,000	1.50%
Next \$500,000	1.25%
Next \$1,000,000	1.00%
Over \$2,000,000	0.80%

Clients residing in the State of New Mexico may be charged a flat annual fee of up to 1.65% to cover the New Mexico gross receipts tax. Fees are negotiable.

Please note: the above fee schedule is a tiered fee schedule. For example, if a client has \$2,500,000 in assets under management with our firm, the annual fee charged to the client will be \$27,750.

The calculation will be as follows: $(\$500,000 \times 1.50\%) + (\$500,000 \times 1.25\%) + (\$1,000,000 \times 1.00\%) + (\$500,000 \times 0.80\%) = \$27,750$ annual fee

Our firm’s fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter according to the flat fee schedule disclosed above. Adjustments will be made for deposits and withdrawals in client accounts. Our firm bills on cash unless indicated otherwise in writing. Fees will be automatically deducted from your managed account.* As part of this process, you understand and acknowledge the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

*Certain accounts may establish procedures to pay our fee directly rather than through a debit to the account.

For the sub-advisory services rendered to our clients, our firm compensates third party investment advisory firms or individual advisors a percentage of the overall investment advisory fee charged by our firm. The total combined advisory fee paid by the client to our firm and the Third-Party Manager(s) shall not exceed 2.00% as disclosed in the table above. The total combined advisory fee for clients residing in New Mexico shall not exceed 2.20%.

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 client has the right to terminate this agreement without penalty within five business days after entering into the contract.

Financial Planning Services:

Fees are negotiable and dependent upon the scope of work performed. Fees will be billed at a rate of up to \$300 per hour. Whether our firm charges a partial or full retainer upfront will be detailed in the agreement.

Since financial planning is a discovery process, situations occur wherein you are unaware of certain financial exposures or predicaments. In the event that your situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. You must approve the change of scope in advance of the additional work being performed when a fee increase is necessary. Our firm will not require a retainer exceeding \$1,200 when services cannot be rendered within six (6) months.

Either party may terminate the Financial Planning Agreement at any time by providing 30 days written notice. For purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated at the hourly fee currently in effect. You will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm and Planner.

The client has the right to terminate this agreement without penalty within five business days after entering into the contract.

Other Types of Fees & Expenses

Non-Wrap Clients will incur transaction fees for trades executed by the account custodian. However, 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. Our firm primarily recommends U.S. listed equities and exchange traded funds that are not charged transaction fees. Any transaction fees charged by the custodian are separate from our firm’s advisory fee and will be disclosed by the custodian. Clients may also 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 the market maker, fees for trades executed away from custodian, wire transfer fees and taxes on brokerage accounts and securities transactions.

Wrap fee clients will receive our Form ADV, Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”). Wrap fee clients will not incur transaction costs for trades. More information about this is disclosed in our separate Wrap Fee Program Brochure.

Commissionable Securities Sales.

Our firm and representatives do not sell securities for a commission in advisory accounts.

Item 6: Performance-Based Fees & 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).

Item 7: Types of Clients & Account Requirements

We offer financial and investment advisory services to individuals, high net worth individuals, and charitable organizations.

Our firm does not impose requirements for opening and maintaining accounts or otherwise engaging us.

Item 8: Methods of Analysis, Investment Strategies & 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.

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.

Investment Strategies

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.

Methods of Analysis

We employ fundamental 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.

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.

Item 9: Disciplinary Information

We do not have any legal, financial or other “disciplinary” items to report. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client / Adviser relationship, or to continue a Client / Adviser relationship with us.

Item 10: Other Financial Industry Activities & Affiliations

Certain investment adviser representatives are licensed to sell insurance products through various companies. Appropriately licensed investment adviser representatives 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.

A conflict of interest will arise as these commissionable sales create an incentive to recommend products based on the compensation they earn. In order to mitigate this conflict of interest, our investment adviser representatives will place client interests ahead of their own interests and adhere to our firm’s Code of Ethics as well as clearly explaining this conflict when recommending any such products to our clients. Clients are informed they are not obligated to purchase these products. The investment adviser representatives spend less than 10% of their time as agents of various insurance companies.

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.

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

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.

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 authorities.

An investment adviser is considered a fiduciary and our firm has a fiduciary duty to all clients. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided upon request.

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. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own

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.

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.

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.

Item 12: Brokerage Practices

Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14: "Client Referrals and Other Compensation". You should consider these conflicts of interest when selecting your custodian.

We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, and we anticipate that most trades will be executed through Schwab, we can still use other brokers to execute trades for your account as described below.

We recommend Schwab, a custodian/broker, to hold your assets and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we take into account a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices

- Reputation, financial strength, security, and stability
- Prior service to us and our clients
- Services delivered or paid for by Schwab
- Availability of other products and services that benefit us, as discussed below

Schwab does not charge you separately for custody services. If we execute a trade that settles into your Schwab account with a different broker-dealer, Schwab will charge you a flat dollar amount as a “prime broker” or “trade away” fee. In order to minimize your trading costs, we have Schwab execute most trades for your account.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed. By using another broker or dealer you may pay lower transaction costs.

Schwab Advisor Services™ is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us. Following is a more detailed description of Schwab’s support services:

Services That Benefit You

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

Services That Do Not Directly Benefit You

Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts and operating our firm. They include investment research, both Schwab’s own and that of third parties. We use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients’ accounts

- Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational training, conferences, and events
- Consulting on technology and business needs
- Consulting on legal and compliance related needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support
- Recruiting and custodial search consulting

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for those services from our own resources.

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. Schwab has also agreed to pay for certain technology, research, marketing, and compliance consulting products and services on our behalf. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate our recommendation of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's and not Schwab's services that benefit only us.

Our firm also participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offer services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. While we recommend that you use TD Ameritrade as a custodian, you will decide which of them to use and open your account by entering into an account agreement with the custodian of your choice.

TD Ameritrade may make certain research and brokerage services available at no additional cost to our firm, all of which qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by TD Ameritrade may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by TD

Ameritrade to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

We are required to specifically describe to our clients the types of products or services that we are acquiring and to permit them to evaluate possible conflicts of interest. Our description must be more detailed for products or services that do not qualify for the safe harbor in Section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution. Merely disclosing that we obtain various research reports and products is not specific enough. Our firm may receive other products and services that benefit us, but may not benefit our clients' accounts. These benefits may include national, regional or investment adviser specific educational events. Other potential benefits may include occasional business entertainment of personnel of our firm, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Some of these products and services assist our firm in managing and administering clients' accounts. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance, and marketing. In addition, TD Ameritrade is assisting with covering the transaction costs for our clients converting their accounts from LPL Financial to TD Ameritrade.

While, as a fiduciary, our firm endeavors to act in its clients' best interests, our recommendation/requirement that clients maintain their assets in accounts at Schwab or TD Ameritrade may be based in part on the benefit to our firm of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost, or quality of custody and brokerage services provided. This creates a potential conflict of interest since we may have an incentive to place client trades through custodians that offer the aforementioned services and products. This interest conflicts with the clients' interest of obtaining the lowest commission rate (transaction/ticket charge) available.

Our firm must act in the best interest of the client in seeking the best price and execution for the client's securities transactions. We are not obliged to get the lowest possible commission as qualitative aspects are equally important. Research, execution capability, the commission rate charged, the custodian's financial responsibility, and responsiveness to the firm should also be considered. Higher commission rates are reasonable to obtain the products and services of a custodian. Best execution may not be reached if a client directs brokerage, and the client must forego any benefit that the firm's preferred custodian offers. Under the RIA's compliance obligations, policies and procedures must be in place as a way to ensure that best execution is being reached on a consistent basis.

We will review our best execution responsibilities when directing brokerage to any custodian (especially affiliated entities), determining commission discounts, and disclosing the various conflicts of interest inherent in this direction. We will evaluate the quality and cost of services received from custodians on a periodic and systematic basis. As part of the evaluations, our firm will consider the quality and cost of services available from alternative custodians, market makers, and market centers. Transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine or "batch" such orders to obtain "best execution", to

negotiate more favorable commission rates, to allocate fairly among the clients' differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent that we determine to aggregate client orders for the purchase or sale of securities, including securities in which our principals (and/or associated persons) may invest, we shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital, Inc. We shall not receive any additional compensation or remuneration as a result of the aggregation. When referring clients to dealers, we will only refer clients to dealers registered in states where the clients reside.

Item 13: Review of Accounts or Financial Plans

Comprehensive Portfolio Management Services:

Our management personnel or financial advisors will review accounts 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 do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to our Comprehensive Portfolio Management service.

Financial Planning Services:

Reviews will be performed during the financial planning process based on the terms of the engagement. We recommend, at least annually, financial check-ups or reviews. Particularly, you should contact us for additional reviews when making decisions about changes in your financial situation (i.e., the loss of a job, retirement, an inheritance, change in marital status, or other circumstances). Other conditions that may dictate a review are changes in the market conditions, and tax laws. We encourage you to schedule meetings in advance if your engagement agreement demands for ongoing financial planning and investment consultation services. Otherwise, you will be contacted per your plan schedule for continued review.

Reviews will be conducted by your selected financial planner and normally involve analysis and possible revision of your previous financial plan or investment allocation. Reviews are generally conducted under a new or amended agreement and will be assessed at our current hourly rate unless provided for in your engagement agreement. Aside from the financial plan that we provide to you, we do not provide any other reports.

Item 14: Client Referrals & 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 above in Item 12.

TD Ameritrade

Our firm recommends 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.

Referral Fees

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).

Item 15: Custody

Deduction of Advisory Fees:

While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts. All our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

Item 16: Investment Discretion

Our firm manages accounts on a discretionary basis. After you sign an agreement with our firm, we're allowed to buy and sell investments in your account without asking you in advance. However, our firm typically discusses potential trades with clients as a courtesy prior to executing transactions. Any limitations will be described in the signed advisory agreement. We will have discretion until the advisory agreement is terminated by you or our firm.

Item 17: Voting Client Securities

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.

Third party money managers selected or recommended by our firm may vote proxies for clients. Therefore, except in the event a third-party money manager votes proxies, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to

any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Therefore (except for proxies that may be voted by a third-party money manager), our firm and/or the client shall instruct the qualified custodian to forward to copies of all proxies and shareholder communications relating to the client's investment assets.

Item 18: 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.