

Item 1: Cover Sheet

**INFORMATIONAL BROCHURE**

**WRAP FEE PROGRAM**



NEW POTOMAC PARTNERS LLC  
909 Rose Ave Ste 400  
North Bethesda, Maryland 20852

David L. Straus  
(240) 253-4280  
Fax (240) 396-5608

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**This wrap fee program brochure provides information about the qualifications and business practices of New Potomac Partners LLC. If you have any questions about the contents of this brochure, please contact us at (240) 253-4280. Information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. New Potomac Partners LLC is a registered investment adviser. Registration does not imply any certain level of skill or training.**

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

## Item 2: Material Changes

These are the following material changes in this brochure from the last annual updating amendment of New Potomac Partners LLC on 03/08/2023. Material changes relate to New Potomac Partners LLC's policies, practices or conflicts of interests only.

### Firm Address:

- Firm address updated to new address: 909 Rose Ave Ste 400 North Bethesda, Maryland 20852

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## Item 4: Services, Fees, and Compensation

The New Potomac Partners Wrap Program (the “Program”) is a wrap fee program sponsored by New Potomac Partners LLC (“NPP”) which has been in business since October 2014. David Straus, Joshua Olds, and Robin Mitler are the firm’s principal owners.

NPP provides financial planning, portfolio management, and investment management services. Clients advised may include individuals, families, trusts, charitable organizations and foundations, pensions and corporations.

### **A. Description of the Program**

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#### *Asset Management*

NPP does not generally require each client to place a minimum amount of assets with the firm.

Asset management services within the Program may be provided on a “discretionary” or on a “non-discretionary” basis. When NPP is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You will receive written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and NPP.

When a client engages us to provide investment management services on a non-discretionary basis, we monitor the accounts in the same way as for discretionary services. The difference is that changes to your account will not be made until we have confirmed with you (either verbally or in writing) that our proposed change is acceptable to you.

Some NPP clients are provided with financial planning as part of the asset management services on an as-needed basis, so that the investment decisions made in the asset management process can closely track the goals of the client’s financial plan. However, for clients wishing to have planning services without asset management, a separate engagement can be arranged.

If you request, NPP may recommend the services of other professionals for implementation purposes. 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 recommendation from NPP. If you engage any professional recommended by NPP, and a dispute arises thereafter relative to such engagement, you agree to seek recourse exclusively from and against the engaged professional.

As of December 2022, NPP has approximately \$166,465,461 in assets under management, in 176 accounts. Of that total, \$10,869,730 is managed on a discretionary basis, in 23 accounts and \$155,595,731 is managed on a non-discretionary basis, in 153 accounts.

### Schwab's Brokerage Services.

In addition to the foregoing portfolio management and other services, the Program includes the brokerage services of Charles Schwab & Co., Inc. ("Schwab") a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. NPP is an 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 [or you]. Schwab has no responsibility for our services and undertakes no duty to you to monitor our 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 [or you] instruct them to. While we require that you use Schwab as custodian/broker to participate in our program, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account.

### **Fees and Compensation**

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#### Fees Charged

All clients will be required to execute a written agreement that will describe the type of services to be provided and the fees, among other items.

#### Our Wrap Fees

Generally, fees vary from 0.60% to 1.25% per annum of the market value of a client's assets managed by NPP. The fee range stated is a guide. Fees are negotiable, and may be higher or lower than this range, based on the nature of the account. Factors affecting fee percentages include the size of the account, complexity of asset structures, and other factors. All clients, but especially those with smaller accounts, should be advised they may receive similar services from other professionals for higher or lower overall costs. NPP's fee schedule is as follows:

<i>Assets Under Management</i>	<i>Annual Rate</i>
\$0-\$750,000	1.25%
\$750,000-\$1,500,000	1.00%
\$1,500,000-\$2,500,000	0.75%
\$2,500,000-\$5,000,000	0.60%
\$5,000,000 and above	Negotiable

Financial Planning is provided as an additional service to asset management. There is no cost to the client to develop a financial plan and as such it is included in asset management fees.

Because our wrap fees are not tied to an account's frequency of trading and apply generally to all assets in the account, this fee arrangement is not appropriate for all accounts. For example, a wrap fee arrangement would not be appropriate for an account that holds primarily cash and cash equivalents, fixed income securities or no-transaction-fee mutual funds for a substantial period of time.

Fees paid by wrap fee program participants will follow the same general guidelines, the only difference being that wrap fee clients will have some or all of their transaction fees covered by NPP. Fees included

in the wrap fee include transaction fees for the purchase or sale of securities, but do not include expenses related to the use of margin, wire transfer fees, the fees charged to shareholders of mutual funds or ETFs, mark-ups and mark-downs, spreads, odd-lot differentials, fees charged by regulatory agencies, and any transaction fees for securities trades executed by a broker-dealer other than Schwab Advisor Services. Because NPP will be managing the assets of wrap fee program clients the same way as other non-wrap fee program clients, the use of external portfolio managers is expected to be limited. Any fees due to another portfolio manager will be paid by the client.

Because of the nature of a wrap fee program, the wrap fee program client may pay more or less than if the client had compensated NPP outside of the wrap fee program. For example, if a client's account is rarely traded, the transaction fees the client would have paid would be minimal, thus limiting the benefits of "wrapping" management fees and transaction fees. Because NPP will be compensated the same amount whether an account participating in the wrap program is traded or not, we have a financial incentive to avoid trading the account. This creates a conflict of interest between the firm and its wrap clients. NPP attempts to mitigate this conflict by requiring that the firm's employees acknowledge their fiduciary duty to place client interests ahead of their own and by periodically comparing wrap program client performance against any clients who are not in the wrap program.

NPP will receive no additional compensation for offering the wrap fee program.

#### *Fee Payment*

Investment advisory fees may be debited directly from each client's account. The advisory fee is paid quarterly, either in advance or arrears, depending on the client's arrangement with NPP. The value used for the fee calculation is the net value as of the last market day of the previous quarter. By using the last day of the previous billing period, NPP is not taking into consideration any upcoming deposits or withdrawals, unless the withdrawal is pursuant to a termination of the relationship, in which case a pro-rata refund will be issued. This means that if your annual fee is 1.00%, then each quarter we will multiply the value of your account by 1.00% then divide by 4 to calculate our fee. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to NPP.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Each quarter, clients will receive a bill itemizing the fees to be debited, including the formula used to calculate the fee, the amount of assets upon which the fee is based, and the time period covered by the fee. The invoice will also state that the fee was not independently calculated by the custodian. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

#### *Pro-rata Fees*

For clients who are billed in advance, if you become a client during a quarter, you will pay a management fee for the number of days left in that quarter. If you terminate our relationship during a quarter, you will be entitled to a refund of any management fees for the remainder of the quarter. Once your notice of termination is received, we will assess pro-rated fees for the number of days between the end of the prior billing period and the date of termination to be paid in whatever way you direct (check, wire).

For clients who are billed in arrears, if you become a client during a quarter, you will pay a management fee for the number of days left in that quarter. If you terminate our relationship during a quarter, you will be charged a management fee for the portion of the quarter during which you were a client. Once your notice of termination is received, we will charge the fee through the date of termination.

NPP will cease to perform services, including processing trades and distributions, upon termination. Assets not transferred from terminated accounts within 30 (thirty) days of termination may be “de-linked”, meaning they will no longer be visible to NPP and will become a retain account with the custodian.

#### Item 5: Account Requirement and Type of Clients

Clients advised may include individuals, families, trusts, charitable organizations and foundations, pensions and corporations. NPP does not generally require each client to place a minimum amount of assets with the firm.

#### Item 6: Portfolio Manager Selection and Evaluation

The wrap fee program offered by NPP is sponsored by the firm, and NPP is the only portfolio manager. The only fees covered under the wrap fee program are transaction fees associated with the purchase and sale of securities in an account managed by NPP. All client accounts managed by NPP, including wrap fee program clients, are managed with similar processes, although account recommendations may differ.

#### Item 7: Client Information provided to Portfolio Managers

Please see response to Item 6, above.

#### Item 8: Client Contact with Portfolio Managers

Clients may contact NPP, the only portfolio manager, at any time.

#### Item 9: Additional Information

##### **Disciplinary Information**

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Neither the firm nor any of its employees or principals has any disciplinary information to report.

##### **Other Financial Industry Activities and Affiliations**

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###### **Broker-dealer**

Neither the principals of NPP, nor any related persons are registered, or have an application pending to register, as a broker dealer or as an associated person of the foregoing entities.

###### **Futures Commission Merchant/Commodity Trading Advisor**

Neither members of management, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

### Relationship with Related Persons

NPP and its personnel serve as the portfolio managers for all wrap fee program accounts. This is a conflict of interest in that no outside adviser assesses NPP's management of the wrap fee program. However, NPP addresses this conflict by acting in its clients' best interest consistent with its fiduciary duty as sponsor and portfolio manager of the wrap fee program.

### Recommendations of Other Advisers

NPP does not utilize nor select other advisers or third-party managers. All assets are managed by NPP.

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

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- A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.
- B. Not applicable. NPP does not recommend to clients that they invest in any security in which NPP or any principal thereof has any financial interest.
- C. On occasion, a principal of NPP may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or before a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades should either take place in the same block as the client trade or after the client trade. All trades should receive prior approval from the Compliance Officer. Employee statements are reviewed to confirm compliance with the trading procedures.
- D. On occasion, a principal of NPP may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or before a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades should either take place in the same block as the client trade or after the client trade. All trades should receive prior approval from the Compliance Officer. Employee statements are reviewed to confirm compliance with the trading procedures.

### Review of Accounts

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All accounts will be reviewed by a senior professional on at least a quarterly basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

The quarterly reports in writing provided by NPP are intended to review asset allocation. All clients will receive statements and confirmations of trades directly from the agreed upon custodian. Additionally, all clients will receive quarterly itemized bills from NPP. Please refer to Item 15 of the Information Brochure regarding Custody.



## **Client Referrals and Other Compensation**

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### **A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.**

*Please refer to Item 12 of the Informational brochure, where we discuss recommendation of Broker-Dealers.*

### **B. Compensation to Non-Advisory Personnel for Client Referrals.**

Clients may be introduced to NPP via other third parties. In the event that NPP compensates any party for the referral of a client to NPP, any such compensation will be paid by NPP, and not the client. If the client is introduced to NPP by an unaffiliated third party, that third party will disclose to the client the referral arrangement with NPP, including the compensation for the referral, and provide the client a copy of NPP' ADV Part 2A and 2B. The referral source will also provide a written disclosure to the client regarding the relationship between NPP and the referral source, including the fact that referral fees will be paid.

## **Financial Information**

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NPP does not require the prepayment of fees more than \$1,200 six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.