

**ThePARTNERS Wealth Management**  
**SEC File Number: 801-122637**

**ADV Part 2A - Disclosure Brochure**

**Effective: March 28, 2023**

This Form ADV 2A (**Disclosure Brochure**) provides information about the qualifications and business practices of ThePARTNERS Wealth Management, LLC (**ThePARTNERS** or the **Advisor**). If you have any questions about the contents of this Disclosure Brochure, please contact us at 800-324-3010.

ThePartners is an investment advisor registered with the U.S. Securities and Exchange Commission (the **SEC**). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training. This Disclosure Brochure provides information about ThePARTNERS to assist you in determining whether to retain it.

Additional information about ThePARTNERS and its investment advisory representatives (**IARs**) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 314816.

**ThePARTNERS Wealth Management**  
**299 Webster Street, Monterey, CA 93940**  
**Phone: (800) 324-3010**

## **Item 2 Summary of Material Changes**

Form ADV 2 requires registered investment advisors to amend their disclosure brochure when information becomes materially inaccurate. If there are any material changes to an advisor's disclosure brochure, the advisor is required to notify you and provide you with a description of the material changes.

Effective March 23, 2023, Jeffrey Smith was named Chief Compliance Officer of ThePARTNERS. He can be reached via email at [jeffsmith@thepartnerswm.com](mailto:jeffsmith@thepartnerswm.com) or by telephone at (248) 376-1480. The Firm Brochure has been updated in Item 4. – Advisor Business to include additional details about the utilization of the Amplify Platform and the availability of Independent Managers.

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## Item 4 Advisory Business

### **Firm Information**

ThePartners Wealth Management, LLC does business under the name ThePARTNERS Wealth Management (**ThePARTNERS** or the **Advisor**), and is an investment advisor registered with the U.S. Securities and Exchange Commission (the **SEC**). It is organized as a limited liability company under the laws of the State of Delaware. ThePARTNERS was founded in March 2021 and is primarily owned by Gregory Rutherford through various entities and trust vehicles. These entities are owned in whole or part by individuals who are affiliated with ThePARTNERS, and certain of these entities also own ELITE TAMP, LLC (**ELITE TAMP**) and Adaptive Investments (**Adaptive**), which are affiliates of ThePARTNERS.

This Disclosure Brochure provides information regarding the qualifications, business practices, and advisory services provided by ThePARTNERS. For information regarding this Disclosure Brochure, please Jeffrey Smith, Chief Compliance Officer at [jeffsmith@thepartnerswm.com](mailto:jeffsmith@thepartnerswm.com).

### **Amplify Platform**

ThePartners investment adviser representatives utilize the Amplify Platform, the Amplify Platform provides back-office operational support services such as administrative, trading, and reporting services and/or gain access to and select from independent third-party managers available through the Amplify Platform.

Upon executing the Platform Agreement, the investment adviser firm or investment professional shall be considered a Platform Member. Platform Members may choose to receive certain back-office services, such as administrative, trading and reporting services and/or to select independent third-party managers to manage underlying client assets on a sub-advisory basis. Platform Members may choose to allocate all or a portion of their underlying client's assets among the different independent investment managers available through the Amplify Platform on a discretionary basis.

Platform Members shall have a direct contractual relationship with each of their underlying clients and obtain, through such agreements, the authority to engage Amplify Platform for services rendered through the Platform. ThePartners engages unaffiliated investment advisers to service Platform Members as sub-advisers. Sub-advisers available through the Amplify Platform will perform discretionary investment management services and shall manage, invest and reinvest the Platform Member's underlying client assets designated by the Platform Member. As such, a selected manager(s) shall be authorized, without prior consultation with the Platform Member or the underlying client, to buy, sell trade or allocate the underlying client's assets in accordance with the underlying client's investment objectives and to deliver instructions in furtherance this responsibility to the underlying client's broker-dealer and or custodian.

Platform Members retain responsibility for the underlying client relationship, including the initial and ongoing suitability determination. Platform Members shall also retain the responsibility for implementing client investment recommendations in accordance with the Platform Member's fiduciary duty to the underlying client. Platform Members are responsible for obtaining and furnishing information pertaining to sub-advisor selection and underlying client account guidelines along with any reasonable account restrictions.

**Please note:** ThePartners' investment adviser representatives are required to utilize the various services available through the Amplify Platform. Therefore, ThePartners clients may incur fees in addition to the fee associated with the advisory services provided to the client.

### **Advisory Services Offered**

ThePARTNERS offers investment advisory services to individuals, families, trusts, estates, businesses, and retirement plans (each, a **Client**). ThePARTNERS provides comprehensive investment management, planning, and consulting services designed to meet the individual needs of each Client. ThePARTNERS investment advisory services may be customized or based on model portfolios (Models) developed by ThePartners, an IAR, or third-party management firms (Model Providers). ThePARTNERS also sponsors an optional Wrap Fee Program as described below and in the Wrap Fee Program Brochure available separately.

### **Investment Advisory Services**

ThePARTNERS provides investment advisory solutions for its Clients either on a tailored, customized basis, via the use of Models, or via engagement of outside investment management firms (**Outside Managers** (described below)). ThePARTNERS endeavors to maintain personal Client contact while providing discretionary investment management and related advisory services. ThePARTNERS works with Clients to identify their investment goals and objectives as well as analyze their risk tolerance and financial situation to identify an appropriate investment strategy. ThePARTNERS will then construct a customized portfolio strategy, manage the Client's accounts based on internally developed Models, or on third-party Models, or direct Client assets to Outside Managers for their discretionary management.

*Internal Investment Management* - ThePARTNERS may customize investment management services for its Client's or it may manage Client accounts using Models. In each case, Client portfolios are primarily constructed using mutual funds, exchange-traded funds (**ETFs**), individual stocks, and fixed-income securities. The Advisor may also utilize other types of investments, as appropriate, to seek to meet the needs of each particular Client. The Advisor may retain legacy securities (i.e., securities held in a Client's account prior to becoming subject to the Adviser's management services) due to portfolio fit and other considerations.

When managing Client accounts on a customized basis and when developing internal Models, ThePARTNERS evaluates and selects investments for inclusion in Client portfolios after applying its internal due diligence process. ThePARTNERS' investment strategy is primarily long-term focused, but it may buy, sell, or re-allocate positions that have been held less than one year to seek to meet the objectives of the Client, due to market conditions, or as ThePARTNERS' deems prudent under the circumstance. In some cases, including when managing accounts using third-party Models, the Advisor may manage a Client's account using an investment strategy that utilizes frequent trading in securities, as outlined in Item 8 below. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

Clients grant full discretion to ThePARTNERS to purchase, hold, and sell securities in their portfolio, and to use one or more Models, to change Models, and to hire, replace, and fire Model Providers. ThePARTNERS recommendations for a custom-managed account will be made in a manner consistent with the account's investment objective, strategy, and restrictions, if any. Accounts managed in accordance Models will generally align with the overall changes to the Models, subject to any reasonable Client-imposed restrictions.

ThePARTNERS will not accept nor maintain direct custody of a Client's funds or securities; provided that, through its authorized deduction of fees, it will deemed to have custody (indirectly) of Client funds. All Client assets will be managed within their designated account[s] at the Custodian, pursuant to the terms of the investment advisory agreement.

Third-party Model Providers may provide Models to ThePARTNERS via its affiliate, ELITE TAMP or

through other third-party TAMP (turnkey asset management provider) platforms. The TAMPs will generally trade and rebalance Client accounts.

Model Providers will not receive any information about your investment or financial goals and will not provide you individualized investment advice.

*Use of Outside Managers* - ThePARTNERS may recommend to Clients that all or a portion of their investment portfolio be managed by one or more outside money managers (each, an "Outside Manager"). Outside Managers may be accessed through a third-party investment management platform or may directly engaged by ThePARTNERS. The Client may be required to enter into a separate agreement with each Outside Manager. Please see Item 10 for additional information.

Generally, with Outside Managers, ThePARTNERS serves as the Client's primary advisor and relationship manager. However, each Outside Manager will assume discretionary authority for the day-to-day investment management of those assets placed in their control. ThePARTNERS will assist and advise the Client in establishing investment objectives for their account, the selection of the Outside Managers, and defining any restrictions on the management of the account. ThePARTNERS will provide oversight of the Client's account[s] and monitor the activities of each Outside Manager. Each Outside Manager will manage assets allocated to them based on the selected investment strategy(ies). The Client may be able to impose reasonable investment restrictions on the Outside Manager's management of these accounts, subject to the acceptance of the restrictions by the Outside Managers. ThePARTNERS compensation from these Outside Managers, if any, is limited to ThePARTNERS' advisory agreement set forth in the Client's investment management agreement (see Item 5).

If the requisite Outside Manager paperwork has been completed, ThePARTNERS has the authority to hire, replace, and fire Outside Managers to require Outside Managers to manage Client accounts using different investment strategies. ThePARTNERS will notify you of any changes to the Outside Managers or changes of investment strategies used to manage your account.

### **Financial Planning and Consulting Services**

ThePARTNERS may provide financial planning and consulting services to Clients. Financial planning and consulting services are provided via an agreement separate from the investment management agreement.

Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation based on the Client's financial goals and objectives. This planning or consulting may encompass one or more areas of need, including, but not limited to investment planning, retirement planning, estate planning, personal savings, education savings and other areas of a Client's financial situation.

A financial plan developed for, or financial consultation rendered to, the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs. ThePARTNERS may also refer Clients to an accountant, attorney or other specialist, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Plans or consultations are typically completed within six months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations may pose a potential conflict between the interests of the Advisor and the interests of the Client. Clients are not obligated to implement any

recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to implement the transaction through the Advisor. Ultimately the Client has the discretion to decide whether to implement the plan or recommendations and takes responsibility for this decision.

### **Retirement Plan Advisory Services**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interests ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

ThePARTNERS may serve as an ERISA 3(21) Fiduciary to retirement plans (each, a **Plan**) in support of the Plan Sponsor. ThePARTNERS may provide the following Plan Fiduciary Services pursuant to the terms of the Advisor's advisory agreement with each Plan Sponsor:

- Vendor Analysis
- Employee Enrollment and Education Tracking
- Investment Policy Statement
- Investment Monitoring
- Performance Reports
- Ongoing Investment Recommendation and Assistance
- ERISA 404(c) Assistance
- Benchmarking Services

The specific services will be outlined in the advisory agreement signed by the Plan Sponsor. The advisory agreement is a separate agreement from ThePARTNERS' investment management agreement. ThePARTNERS does not provide 3(38) discretionary investment advisory services on behalf of Plans or Plan Sponsors but may offer such services through its affiliate, Adaptive.

### **IRA Rollover Considerations**

As an investment advisor, we are and have acted as a fiduciary in our relationships with our clients. We follow the fiduciary standard required by the provisions of the Investment Advisor's Act of 1940. A recommendation to take a distribution from a plan or to transfer (or withdraw from) an IRA are fiduciary acts. As such, the recommendation must be prudent and in the best interest of the participant or IRA owner. Providing education regarding distribution options is an important consideration for selecting among those options. The following is a discussion of those options and considerations.

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have the incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

An employee will typically have four options:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from

creditors.

7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this Disclosure Brochure.

### **Client Agreements**

Prior to engaging ThePARTNERS to provide investment advisory services, each Client is required to enter into one or more advisory agreements with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client. Clients should review these agreements in detail prior to executing them. The services provided under investment management agreements may include:

- Establishing an Investment Strategy - ThePARTNERS, in connection with the Client, will develop or select an investment strategy designed to enable the Client to seek to achieve the Client's investment goals and objectives.
- Asset Allocation - ThePARTNERS may be engaged to develop a strategic asset allocation plan that is designed to meet the Client's investment objectives, time horizon, financial situation and tolerance for risk.
- Portfolio Construction - ThePARTNERS will develop or utilize a portfolio for the Client that is designed to meet the stated goals and objectives of the Client.
- Investment Management and Supervision - ThePARTNERS will provide investment management and ongoing oversight of the Client's portfolio.
- Financial Planning and Consulting – Please see the description above.
- Retirement Plan Advisory Services – Please see the description above.

### **Non-Wrap Fee or Wrap Fee Programs**

ThePARTNERS offers its investment advisory services via a transaction-based program “non-wrap”, or via a “wrap fee program.” The non-wrap program includes costs of transactions for buying and selling securities. The wrap fee program is generally used when the transaction costs may be substantial due to the types of products used or a significant amount of trading being performed. Clients pay the costs for securities transactions in the non-wrap program. The wrap fee program includes securities transaction fees together with its investment advisory fees. The Advisor sponsors ThePARTNERS Wrap fee Program through a separate brochure regarding the combination of fees.

Investment advisory fees will be calculated by the Advisor or its delegate and deducted from the Client's account(s) at the custodian. ThePARTNERS sends an invoice to the custodian providing the amount of the fees to be deducted from the Client's account(s) for the applicable billing period. The amount due is calculated by applying the applicable rate (annual rate divided by the number of calendar days in the applicable billing period divided by number of days in the applicable year) to the total assets under management with ThePARTNERS at the end of the prior billing period.

- **Important Disclosure Regarding Wrap Fee Program Accounts**

When making the determination of whether one of the advisory programs available through ThePARTNERS is appropriate for your needs, you should know that wrap accounts, when compared with non-wrap accounts, often result in lower costs during periods when trading activity is heavier or transactions costs are significant on certain products used in an account. However, during periods when trading activity is lower, or when products don't incur transaction costs, the wrap fee-based account arrangement could result in a higher cost for transactions. Thus, depending on a number of factors, the total cost for transactions under a wrap-account versus a non-wrap account can vary significantly. Factors which affect the total cost include the account size, amount of turnover, type and quantities of securities purchased or sold, transaction rates, and your tax situation. Additionally, you should know that fee-based accounts include the active management of your assets on an ongoing basis. You should know that lower fees for comparable service may be available from other sources when you don't believe you need ongoing management of your assets. You should discuss the advantages and disadvantages of fee-based versus commission-based accounts with your IAR.

### **Assets Under Management**

As of the filing of December 31, 2022, ThePARTNERS has \$100,067,412.00 discretionary assets under management and \$591,726.00 non-discretionary assets under management.

## **Item 5 Fees and Compensation**

### **Fees for Advisory Services**

#### **Investment Advisory Services**

One of ThePARTNERS' Investment Adviser Representatives (**IAR**) will discuss the investment advisory fees when your account is established, and these fees will be outlined in the advisory agreement. Investment advisory fees are based on the market value of assets under management at the end of the prior billing period and are billed at an annual rate of up to 2.99%, depending on the level of assets being managed, the complexity of the services to be provided and/or the overall relationship with the Client. In addition to the investment advisory fee, the Client may also pay a platform fee of up to 0.25% annually. The platform fee is applicable to Wrap Fee Program accounts and covers securities transaction fees, reporting, and related services. The Client may also pay additional fees for a third-party Model Provider, Outside Managers, or for the build-out of a client's unique custom portfolio model. These fees could be as high as 1% annually. In most cases, this type of investment management effort is provided through a Turnkey Asset Management Platform (TAMP), including from our Adhesion Wealth Management, our affiliate, Elite TAMP, or other firms.

ThePARTNERS' fees are paid quarterly, in advance of each calendar quarter (the billing period) , pursuant to the terms of the investment advisory agreement. Fees for the first partial billing period of service are prorated from the inception date of the account[s] to the end of the first billing period. Fees may be negotiable at the sole discretion of the Advisor. Certain Clients may have a fixed annual fee or fixed rate fee or a fee schedule that differs from the above. The Client's fees will take into consideration the aggregate assets under management with Advisor. All securities held in accounts managed by ThePARTNERS will be independently valued by the Custodian. ThePARTNERS will not have the authority or responsibility to value portfolio securities. Clients should review their advisory agreement for additional information relative to fees and fee billing.

ThePARTNERS' fees cover only the advisory services provided by ThePARTNERS and IARs. Additional fees may be payable to Model Providers and Outside Managers, as described in the investment management agreement. Model Provider and Outside Manager fees are subject to change depending on the Model, third-party Model Provider, Outside Manager, and Outside Manager investment strategy

used to manage your assets. Please see below for more information about Outside Manager fees.

The Client may make additions or withdrawals from the account[s] at any time, subject to ThePARTNERS' right to terminate an account or the overall relationship. Additions may be in cash or securities provided that the Advisor reserves the right to liquidate any transferred securities or decline to accept particular securities into a Client's account[s]. Clients may withdraw account assets on notice to ThePARTNERS, subject to the usual and customary securities settlement procedures. However, ThePARTNERS typically designs its investment portfolios as long-term investments and the withdrawal of assets may impair the achievement of a Client's investment objectives. ThePARTNERS may consult the Client about the implications of such transactions. Clients are advised that when such securities are liquidated, they may be subject to securities transaction fees, short-term redemption fees, and/or may have tax ramifications. If assets in excess of \$25,000 are deposited into or withdrawn from the Client's account[s], an adjustment will be made in the next billing period to reflect the fee difference. ThePARTNERS may negotiate a fee that differs from the schedule above for certain account[s] or holdings.

### **Outside Managers' Fees**

For a Client account managed by an Outside Manager, the Outside Manager will usually provide a unified billing that includes ThePARTNERS' advisory fee, the Outside Manager's fees, and any platform fees. In such instances, ThePARTNERS will not charge its fee separately on those assets.

### **Financial Planning and Consulting Services**

Financial planning and consulting services are provided on either a one-time basis, or as an ongoing service engagement. For one-time engagements, fees will be charged at hourly rate of up to \$400 per hour or as a fixed engagement. Fees are based on the experience of the person performing the services, the complexity and duration the services to be provided. An estimate for total hours and costs will be determined prior to engaging for these services. The Advisor's fee is exclusive of, and in addition to, brokerage fees, transaction fees, and other related costs and expenses, which may be incurred by the Client. Clients should review their financial planning and consulting services agreement for additional terms and conditions for these services. For ongoing financial planning services, fees are negotiated on a case-by-case basis.

### **Retirement Plan Advisory Services**

Retirement plan advisory fees are paid quarterly, in advance of each calendar quarter (the billing period), pursuant to the terms of the retirement plan advisory agreement. Fees are generally based on the market value of assets in the Plan at the end of the prior billing period and charged at an annual rate of up to 1%. Fees may also be billed at a fixed annual rate. Clients should review their retirement plan advisory agreement for additional terms and conditions for these services.

## **Fee Billing**

### **Investment Advisory Services**

Investment advisory fees will be calculated by the Advisor, its delegate, or by Outside Managers (as described below), and deducted from the Client's account[s] at the Custodian. The Advisor sends an invoice to the Custodian providing the amount of the fees to be deducted from the Client's account[s] for the applicable billing period. The amount due is calculated by applying the applicable rate (annual rate divided by the number of calendar days in the applicable billing period divided by the number of days in the applicable) to the total assets under management with ThePARTNERS at the end of the prior billing period. Clients will be provided with statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting ThePARTNERS to be paid directly from their accounts

held by the Custodian as part of the investment advisory agreement and separate account forms provided by the Custodian.

### **Use of Outside Managers**

Client accounts managed by Outside Managers will be billed in accordance to the separate agreements with the respective parties. Outside Managers usually use unified billing that includes ThePARTNERS' advisory fee, the Outside Manager's fees, and any platform fees. In such instances, ThePARTNERS will not charge its fee separately on those assets.

### **Financial Planning and Consulting Services**

Financial planning and consulting fees are invoiced up to \$400 per hour or on a flat fee basis. Fees can be billed upon the execution of the financial planning and consulting agreement subject to the schedule defined in the agreement.

### **Retirement Plan Advisory Services**

Fees may be directly invoiced to the Plan Sponsor or deducted from the assets of the Plan, depending on the terms of the retirement plan advisory agreement.

### **Other Fees and Expenses**

Clients will incur securities transaction costs and may incur a platform fee separate from investment advisory fees charged by ThePARTNERS. Clients will also likely incur certain non-transactional fees or charges imposed by custodians or third parties in connection with accounts that are established and investments held in the Client's accounts. These fees and expenses include account maintenance fees, wire transfer fees, and other fees that are outlined in the Client's account agreement with the custodian or third party.

In addition, all fees paid to ThePARTNERS for investment advisory services are separate and distinct from the fees and expenses incurred or charged by mutual funds or ETFs, if applicable. These fees and expenses are described in each mutual fund's and ETF's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage, and account reporting), and a possible distribution fee. The Client should review the fees charged by the Custodian, any fees or costs charged by the investments such as mutual funds and ETFs, and the fees charged by ThePARTNERS to fully understand the total fees to be paid. Some fees for investments in ETFs may be charged by Adaptive an affiliate of ThePARTNERS. These fees may include but are not limited to, management fees, fund expenses and account administration fees. For more on the potential conflicts of interest, please see Conflicts of Interest in Item 9: Additional Information.

### **Advance Payment of Fees and Termination**

#### **Investment Advisory Services**

ThePARTNERS can be compensated for its investment advisory services in advance of the billing period in which services are rendered, pursuant to the terms of the investment advisory agreement. Either party may request to terminate the investment advisory agreement with ThePARTNERS at any time by providing advance written notice to the other party. The Client shall be responsible for investment advisory fees up to and including the effective date of termination. Upon termination, the Advisor will refund any unearned, prepaid fees to the Client within a reasonable time period.

### **Use of Outside Managers**

In the event that a Client should wish to terminate their relationship with an Outside Manager, the terms for the termination will be set forth in the respective agreements between the Client and those Outside Managers.

### **Financial Planning and Consulting Services**

The Advisor is compensated for its financial planning and consulting services upon execution of the engagement agreement. Either party may terminate a planning agreement, at any time, by providing written notice to the other party. Upon termination, the Client shall be responsible for fees based on the hours worked by the Advisor or the percentage of the engagement completed. Upon termination, any unearned prepaid fees will be refunded to the Client within a reasonable time period.

### **Retirement Plan Advisory Services**

ThePARTNERS are compensated for their retirement plan advisory services in advance or arrears of the billing period in which services are rendered. Either party may request to terminate the retirement plan advisory agreement with ThePARTNERS, at any time, by providing advance written notice to the other party. The Client shall be responsible for advisory fees up to and including the effective date of termination. Upon termination, the Advisor will refund any unearned, prepaid fees to the Client within a reasonable time period.

### **Compensation for Sales of Securities**

Investment Advisory Representatives (IARs) of ThePARTNERS may also be Registered Representatives ("RRs") of Purshe Kaplan Sterling (PKS), a registered broker-dealer. When these individuals are acting as RRs of PKS, ThePARTNERS does not receive any compensation for securities transactions in any client brokerage accounts. PKS and ThePARTNERS are not affiliated entities. The services provided by PKS as a broker-dealer are separate and distinct from the services provided by ThePARTNERS.

As registered representatives ("RRs") of PKS, an individual who is also an IAR with ThePARTNERS may implement securities transactions on a commission basis through PKS. In such instances, the IAR is acting as an RR of PKS and is solely under the supervision of PKS. The RR will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products, through PKS. Compensation earned by an IAR in his or her capacity as a RR of PKS is separate and in addition to ThePARTNERS' advisory fees. This practice presents a conflict of interest if an IAR can earn more compensation from effecting securities transactions as compared to what can be earned from investment advisory services. To mitigate this conflict, ThePARTNERS discloses the different options the Clients have, supervises the opening of accounts, and assures Clients are under no obligation, contractually or otherwise, to purchase securities products through one of our IARs when acting as an RR. Further, ThePARTNERS will not charge an ongoing investment advisory fee on any assets implemented in the separate capacity of one of our IARs when acting as an RR of PKS. Please see Item 10.

IARs may also be licensed as independent insurance agents. IARs may earn commission-based compensation for selling insurance products, including insurance products they sell to clients. Insurance commissions earned by an IAR when acting as an insurance agent are separate and in addition to ThePARTNERS' advisory fees. Compensation earned by the IAR in his or her capacity as an insurance agent is separate and in addition to ThePARTNERS' advisory fees. This practice presents a conflict of interest if an IAR can earn more compensation from selling insurance as compared to what can be earned from investment advisory services. To mitigate this conflict, ThePARTNERS discloses the different options the Clients have, supervises the opening of accounts, and assures Clients are under no obligation, contractually or otherwise, to purchase insurance products through one of our IARs.

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

ThePARTNERS does not charge performance-based fees for its investment advisory services. The fees

charged by ThePARTNERS are as described in "Item 5 - Fees and Compensation" above.

ThePARTNERS does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients. However, depending upon client suitability and investment profile, an investment may be made mutual funds or ETFs managed by its affiliate, Adaptive. Please see Conflicts of Interest in Item 9: Additional information for more details.

## **Item 7 Types of Clients**

ThePARTNERS offers investment advisory services to individuals, families, trusts, estates, and businesses. Once the Adviser updates its Form ADV, the relative percentage of each type of Client will be available on ThePARTNERS' Form ADV Part 1. These percentages will change over time. ThePARTNERS does not impose a size for establishing a relationship.

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

### **Methods of Analysis & Investment Strategies**

ThePARTNERS' methods of analysis may include Charting analysis, Cyclical analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis, and Technical analysis, as described in more detail below.

- Charting analysis involves the use of patterns in performance charts. ThePARTNERS uses this technique to search for patterns used to help predict favorable conditions for buying or selling a security.
- Cyclical analysis involves the analysis of business cycles to find favorable conditions for buying or selling a security.
- Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.
- Modern portfolio theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.
- Quantitative analysis deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and other factors.
- Technical analysis involves the analysis of past market data; primarily price and volume.

### **Risk of Loss**

Investing in securities involves certain investment risks. Securities will fluctuate in value and may lose value. Clients should be prepared to bear the risk of loss, which will vary based upon market conditions and length of investment. ThePARTNERS and their IARs assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee about any investment strategy's performance, or that a Client will meet their investment goals.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop or identify an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

**Past performance is not a guarantee of future returns.** Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.

## **Item 9 Disciplinary Information**

### **Disciplinary Information**

There are no legal, regulatory, or disciplinary events to disclose involving ThePARTNERS. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD #314816.

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

### **Conflicts of Interest**

ThePARTNERS' goal is to provide non-conflicted advisory services to our Clients. However, certain aspects of our business do provide conflicts of interest due to the broader nature of the services we strive to provide to clients. We want to assure that we identify these conflicts so that our Clients can fully and fairly discuss them with their IARs, and make informed decisions. The material conflicts outlined below generally are presented based upon three broad categories - (i) affiliated transactions including commission-based insurance transactions; (ii) commission-based brokerage transactions through PKS; (iii) our efforts to recruit other IARs; and (iv) investments invested into Adaptive's mutual funds or ETFs. These conflicts are outlined below and we encourage our Clients to discuss them with their IARs.

### **Affiliate Conflicts**

Elite TAMP, LLC (**Elite TAMP**), is an affiliated investment advisor seeking registration with the State of California. ThePARTNERS and Elite TAMP have common control persons and ownership structures. Elite TAMP creates model portfolios (**Models**) and makes available Models created by third-party management firms. Elite TAMP also provides services, which may be used by IARs to develop their own Models. IARs may have an ownership interest in both ThePARTNERS and Elite TAMP, and to the extent that they do have ownership have an economic incentive to recommend the use of ThePARTNERS to open an account and Elite TAMP to provide Models. Clients should also be aware that certain conflicts of interest may exist should any IARs of ThePARTNERS (regardless of ownership) recommend that all or a portion of a Client's account be allocated to Models provided by Elite TAMP. A conflict of interest exists as those allocations will result in revenue being generated indirectly to individuals and entities that also have an interest in ThePARTNERS. The investment management services provided by Elite TAMP may cost more or less than obtaining the same or similar services through an unaffiliated investment manager. No Client or IAR is under any obligation to utilize the services of Elite TAMP.

The client may, at any time, impose reasonable restrictions, in writing, on ThePARTNERS' investment recommendations or services, including Models made available by Elite TAMP. It is important to note that although Elite TAMP makes available Models, an IAR may take into consideration these Models to a limited extent or not at all. Clients should discuss with the IAR the investment strategy being deployed and fully understand the strategy or strategies being employed. The client may instruct their IAR to utilize a strategy that does not contain allocations to Elite TAMP Models or any other manager or investment.

Adaptive Investments, LLC (**Adaptive**), is an affiliated registered investment advisor. ThePARTNERS and Adaptive have common control persons and ownership structure. Adaptive manages mutual funds and ETFs, and provides Models and other services that may be used by IARs to develop portfolios. These IARs may have an ownership interest in both ThePARTNERS and Adaptive, and to the extent that they do have ownership have an economic incentive to recommend the use of ThePARTNERS to open an account and Adaptive to provide Models or to allocate a portion of the Client's assets to Adaptive

ETFs. Clients should also be aware that certain conflicts of interest may exist should any IARs of ThePARTNERS (regardless of ownership) recommend that all or a portion of a Client's account be allocated to model portfolios or ETFs managed by Adaptive. A conflict of interest exists as those allocations will result in revenue being generated indirectly to individuals and entities that also have an interest in ThePARTNERS. The investment management services provided by Adaptive may cost more or less than obtaining the same or similar services through an unaffiliated investment manager. In addition, if all or a portion of a Client's account be allocated Adaptive-managed ETFs, the Client will bear the underlying costs of the ETFs. No Client or IAR is under any obligation to utilize the services of Adaptive [or invest in any Adaptive-managed ETF].

The Client may, at any time, impose reasonable restrictions, in writing, on ThePARTNERS' investment recommendations or services, including models provided by Adaptive or the use of mutual funds or ETFs managed by Adaptive. It is important to note that although Adaptive makes available its recommended investment models and strategies, mutual funds, and ETFs, an Advisor may take into consideration these models and products to a limited extent or not at all. Clients should discuss with the Advisor managing their account the investment strategy being deployed and fully understand the strategy or strategies being employed. The client may instruct their IAR to utilize a strategy that does not contain allocations to Adaptive model portfolios, Adaptive mutual funds, ETFs, or any other manager or model provider.

### **Commission Based Securities Transactions**

As outlined above, ThePARTNERS' IARs may also act as Registered Representatives ("RRs") to conduct commission-based securities transactions through PKS. PKS is a non-affiliated securities broker-dealer and also provides commissioned-based insurance products. ThePARTNERS and your IAR act as fiduciaries with respect to your advisory account. Brokerage services are non-discretionary transactions such as securities trades and are paid for by commissions. With brokerage services, PKS and your RR, and your representative owe you a duty to assure that any recommendations are suitable. Therefore, there is a different legal standard in addition to a different compensation structure between an investment advisory account and a brokerage account.

To the extent that an IAR is also registered as an RR with PKS (your IAR can tell you or the information is available through [brokercheck.finra.org](http://brokercheck.finra.org)), the IAR can provide advisory services through ThePARTNERS or brokerage services as an RR through PKS. This poses a conflict of interest to the extent that an IAR will earn more or less depending upon the nature of your account and the investments that are held in the account. Investments like mutual funds, ETFs, stocks and bonds that are bought and held for longer periods of time in a brokerage account, like an account available at PKS and other securities broker-dealers, will have a lower overall cost for this longer hold due to the lack of active management and additional management fees charged by the investment advisor managing the account. However, the actual cost will depend on the type of investment and how active a brokerage account is trading securities positions. Additionally, as noted above, there are different legal standards between advisory and brokerage accounts. The difference in this legal standard will impact the disclosure of conflicts, the nature of investment recommendations, the obligation for ongoing monitoring of the account, and other legal obligations. Which type of account is best for you depends upon your individual circumstances and preferences. Our goal is to assure that Clients understand the options available and the difference in the types of accounts and investments that they may make.

### **Advisor Transition Assistance**

ThePARTNERS may provide various benefits and payments (or loans) to IARs that are newly associated with ThePARTNERS to assist the IAR with costs associated with transitioning his or her business to ThePARTNERS (collectively referred to as **Transition Assistance**). The proceeds of Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the IAR's business, satisfying any outstanding debt to the IAR's prior firm, offsetting account transfer/termination fees as a result of the IAR's clients

transitioning to one of custodial platforms with which ThePARTNERS has connectivity, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, and staffing support. ThePARTNERS does not verify that any Transition Assistance funds made are actually used for such transition costs, and therefore, they may provide direct revenue to newly recruited IAR. Transition Assistance may be provided in the form of a cash advance to the IAR, by ThePARTNERS foregoing revenues during account transactions, through loans, or through other incentives to the IAR. Transition Assistance may also be provided subject to certain contractual obligations by the IAR, such as repayment of all or a portion of the payments if the IAR elects to leave ThePARTNERS or does not meet certain other obligations.

The amount of Transition Assistance payments are often significant in relation to the overall revenue earned or compensation received by the IAR at his or her prior firm. Such payments are generally based on the size of the IAR's business established at his or her prior firm, for example, a percentage of the revenue earned or assets serviced by the IAR at the prior firm. These payments are generally in the form of payments or loans to the IAR with favorable interest rate terms as compared to other lenders, which are paid by ThePARTNERS or forgiven by ThePARTNERS based on years of service with ThePARTNERS (e.g., if the IAR remains with ThePARTNERS for 5 years) and/or the scope of business engaged in with ThePARTNERS. ThePARTNERS also makes payments to IARs in connection with the transition of certain advisory business to ThePARTNERS from his or her prior firm that is not approved on ThePARTNERS' platform. These payments are tied to the amount of client assets that are transitioned from an unapproved platform at the prior firm to ThePARTNERS' advisory program.

The receipt of Transition Assistance creates a conflict of interest in that an IAR has a financial incentive to recommend that a client open and maintain an account with the IAR and ThePARTNERS for advisory services and to recommend changing investment products or services where a potential Client's current investment options are not available through ThePARTNERS, in order to receive the Transition Assistance benefit or payment. ThePARTNERS and its IARs attempt to mitigate these conflicts of interest by evaluating and recommending that clients use ThePARTNERS' services based on the benefits that such services provide to Clients, rather than the Transition Assistance earned by any particular IAR. However, we want to assure that potential Clients are aware of this conflict and take it into consideration in making a decision whether to establish or maintain a relationship with ThePARTNERS. As with all items in this Brochure, we also encourage Clients to discuss this item with their IAR.

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

Neither the Advisor nor its associated persons (**Supervised Persons**) has any registrations or affiliations with a futures commission merchant, commodity pool operator, or commodity-trading advisor.

### **IAR Broker-Dealer Affiliations**

As noted in Items 5.E. and 9, some IARs of ThePARTNERS may also be registered representatives of PKS. In an IAR's separate capacity as a registered representative of PKS, an IAR will typically receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by an IAR. To the extent that an IAR earns commissions as a registered representative of PKS or supervises such transactions this business is solely through PKS, and ThePARTNERS does not participate in those transactions and receives no financial payments.

### **Other Registered Investment Advisors**

Certain Managing Members and IARs of ThePARTNERS also own and/or provide advisory services through other independent registered investment advisory firms. The details of these relationships are included with the Form ADV 2B (**Brochure Supplements**) of the respective IARs. A Client may be

offered financial planning, consulting or related advisory services from these firms. In such instances, the Client shall also receive the Form ADV 2A - Disclosure Brochure for the respective firm. To the extent that these services are being provided by a separate investment adviser, the services are being provided solely by that investment adviser which takes sole responsibility for the services. In those instances, ThePARTNERS does not participate in the provision of investment advice and does not approve or supervise the activities of other investment advisory firms.

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

### **Code of Ethics**

ThePARTNERS has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all Supervised Persons. The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. ThePARTNERS and its personnel owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of ThePARTNERS Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code of Ethics covers a range of topics that address employee ethics and conflicts of interest. To request a copy of our Code of Ethics, please contact us at 800-324-3010.

### **Personal Trading with Material Interest**

ThePARTNERS does not act as principal in any securities transactions. In addition, the Advisor does not act as the adviser to any mutual funds or ETFs. However, as noted above, affiliates of ThePARTNERS do act as the adviser to mutual funds and ETFs. ThePARTNERS does not have a direct material interest in any securities traded in Client accounts. The mitigation of the conflict with respect to affiliates that act as the adviser to mutual funds and ETFs is disclosed in Item 9 above.

### **Personal Trading in Same Securities as Clients**

ThePARTNERS allows the purchase, holding, and sale of the same that may be purchased on behalf of Clients. Owning the same securities we purchase, hold or sell for your account, presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. When trading for personal accounts, Supervised Persons of ThePARTNERS have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can potentially be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This conflict is managed by ThePARTNERS requiring Supervised Persons to report of personal securities trades for review by the Chief Compliance Officer ("CCO"). We have also adopted written policies and procedures to detect the misuse of material, non-public information.

### **Personal Trading at Same Time as Client**

ThePARTNERS' IARs may purchase or sale of the same securities for their own accounts at the same time as they are purchased or sold for your accounts. In that case, those trades are typically aggregated with Client orders or traded afterwards. This may provide an opportunity for IARs of ThePARTNERS to buy or sell securities before or after effect securities trades for client accounts resulting in representatives potentially profiting off the recommendations they provide to clients. Such transactions create a conflict of interest. However, to manage this conflict ThePARTNERS has procedures to avoid trading that operates to the Client's disadvantage if IARs buy or sell securities at or around the same time as clients.

## Item 12 Brokerage Practices

### Custodian[s]

To the extent that you provide discretionary authority to ThePARTNERS, it is limited to executing securities transactions in your account as outlined in your investment advisory agreement. This "limited discretion" does not allow ThePARTNERS authority to open your broker-dealer/custodian account for custody and execution services. As such, you will need to agree to open an account with a broker-dealer/custodian with which ThePARTNERS has an established relationship (herein the "Custodian") to safeguard your assets. Your account management agreement will authorize ThePARTNERS to direct trades to this Custodian as agreed in the investment advisory agreement. Your custodial agreement will set forth the terms of your relationship with the Custodian, including the costs of effecting transactions and for maintaining the account.

While ThePARTNERS does not exercise discretion over the opening of an account with the Custodian, it may recommend the Custodian to Clients for custody and execution services. Clients are not obligated to use the Custodian recommended by the Advisor. .

ThePARTNERS currently maintains institutional relationships with Fidelity Clearing & Custody Solutions, a related entity of Fidelity Investments, Inc. (collectively **Fidelity**), and Charles Schwab & Co, Inc. (**Schwab**), where the Advisor maintains institutional relationships. ThePARTNERS receives certain economic benefits from Fidelity and Schwab as detailed in Item 9 above and Item 14 below.

Following are additional details regarding the brokerage practices of the Advisor:

1. *Soft Dollars* - Soft dollars are revenue sharing programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with such parties in exchange for research and other services. ThePARTNERS does receive certain economic benefit from Fidelity as described in Item 14 below.
2. *Brokerage Referrals* - ThePARTNERS does not receive any compensation from any third party in connection with the recommendation for establishing an account.

### Directed Brokerage

The investment advisory agreements indicate that ThePARTNERS will generally place trades for Client accounts through the Client-selected broker (the Custodian). However, if ThePARTNERS reasonably believes in good faith that another broker or dealer will provide better execution considering all factors including the net price, then it may execute elsewhere.

That is, the investment advisory agreement contemplates that trades will be made on a "directed brokerage basis," where ThePARTNERS will generally place trades within the established accounts at a Custodian designated by the Client, unless instructed otherwise by the Client. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). In selecting the broker to effect transactions, ThePARTNERS will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

### Aggregating and Allocating Trades

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. So, if ThePARTNERS reasonably believes in good faith that another broker or dealer (other than the Custodian) will provide better execution considering all factors including the net price, then it may execute elsewhere.

ThePARTNERS may aggregate orders in a block trade or trades when securities are purchased or sold through the same Custodian for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre- allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts.

## **Item 13 Review of Accounts**

### **Frequency of Reviews**

As a matter of policy and practice, investments in client accounts are monitored on a regular and continuous basis by IARs of ThePARTNERS and periodically by The PARTNERS' chief compliance officer (**CCO**). We provide account reviews as part of our Investment Advisory Services. Our IARs will seek to meet with clients either by phone or in person at least annually to review their accounts and update any changes in their financial profile. Reviews can be conducted more frequently when requested by the client or at our discretion.

### **Causes for Reviews**

Accounts may also be reviewed as a result of major changes in (i) economic conditions such as material market, economic or political events or (ii) known changes in the Client's financial situation, such as significant life events and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify ThePARTNERS if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan.

### **Review Reports**

The Client will receive a brokerage statement from the Custodian no less than quarterly. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account. The Advisor and its IARs may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

However, the Custodian statements are the official reports of the Client's account. Please review these accounts as received to assure they appear accurate for both the positions and transaction effectuated in the account.

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

### **Compensation Received by ThePARTNERS**

#### **Participation in Institutional Advisor Platform**

##### **Fidelity**

ThePARTNERS has established institutional relationship with Fidelity to be a preferred Custodian for Client accounts. This relationship assists us in managing Client accounts through aggregation of the accounts and use of a single operating system. Based upon this relationship, we have received access to software and related support. The software and related systems support provide direct benefit the Advisor, and may provide indirect benefits to the Clients through increased efficiencies. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a potential conflict of interest since these benefits may influence the Advisor's recommendation of the Custodian over one that does not furnish similar software, systems support, or services.

Additionally, ThePARTNERS has received financial and other support from Fidelity to assist the Advisor in the launch and maintain its advisory firm. These benefits from Fidelity include reimbursement to Clients for costs charged by a previous custodian for transfer of the assets or account to Fidelity, financing services, receipt of duplicate Client confirmations and bundled duplicate statements at no cost, access to a trading desk that exclusively services its institutional participants, access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts, and access to an electronic communication network for Client order entry and account information.

### **Schwab**

ThePARTNERS may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. ThePARTNERS is independently owned and operated and not affiliated with Schwab. Schwab provides ThePARTNERS with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to advisors. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab also makes available to ThePARTNERS other products and services that benefit ThePARTNERS but may not benefit its clients' accounts. These benefits may include national, regional or ThePARTNERS specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of ThePARTNERS by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist ThePARTNERS in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of ThePARTNERS' fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of ThePARTNERS accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to ThePARTNERS other services intended to help ThePARTNERS manage and further develop its business enterprise. 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, Schwab may make available, arrange and/or pay vendors for these types of services rendered to ThePARTNERS by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to ThePARTNERS. While, as a fiduciary, ThePARTNERS endeavors to act in its clients' best interests, ThePARTNERS' recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to ThePARTNERS 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 by Schwab, which may create a potential conflict of interest. Irrespective of direct or indirect benefits to our client through Schwab, we strive to enhance the client's

experience, help reach their goals and put their interests before that of our firm or its associated persons.

Schwab has eliminated commissions for online trades of equities, ETFs and options (subject to \$0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to Schwab. We encourage you to review Schwab's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter a wrap fee arrangement, your total cost to invest will likely exceed the cost of paying for brokerage and advisory fees separately. To see what you would pay for transactions in a non-wrap account please refer to Schwab's most recent pricing schedules available at [schwab.com/aspricingguide](http://schwab.com/aspricingguide).

### **Expense Reimbursements**

We will occasionally receive expense reimbursements for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors underwrite the costs incurred for marketing, such as, client appreciation events, advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment recommendations and decisions on the individual needs of our clients.

## **Item 15 Custody**

There are specialized rules pertaining to a registered investment advisor accepting or maintaining "custody" of Clients' assets. ThePARTNERS does not accept or maintain custody of any Client accounts or assets. Under government regulations, we are deemed to have custody of your assets in certain situations as described below. One situation occurs when you authorize the custodian to deduct our advisory fees directly from your account, even though the custodian maintains actual custody of your assets. A second situation occurs if you authorize us to direct checks or money transfers from your accounts to third parties, all dependent upon the authorization given to the custodian. A third situation occurs when you send checks to ThePARTNERS for deposit at the custodian, and the checks are not made payable to the custodian. In all cases, all clients are provided, at least quarterly, with written transaction confirmation notices and/or regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. ThePartners may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that ThePartners provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by ThePartners with the account statements received from the account custodian. Please Also Note: The account custodian does not verify the accuracy of ThePartners' advisory fee calculation.

## **Item 16 Investment Discretion**

ThePARTNERS generally has full investment discretion over the selection of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. This discretion includes selecting the security, the quantity of a transaction, and the timing of transaction. It also extends to the hiring, firing, or change of Model Providers, Models, Outside Managers, and Outside Managers'

investment strategies. However, these purchases, sales, hirings, etc. may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by ThePARTNERS.

The discretionary authority will be authorized only upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment advisory agreement containing all applicable limitations to such authority. All discretionary trades made by ThePARTNERS will be in accordance with each Client's investment objectives and goals. Please note that this discretion is deemed to be "limited" to investment discretion, and ThePARTNERS does not have the authority to open an account, switch Custodians, or deposit or withdraw funds from an existing account (with the exception of authorized withdrawals for payment of investment advisory fees).

## **Item 17 Voting Client Securities**

ThePARTNERS does not vote proxies for any Client. Clients will receive proxy statements directly from the Custodian. If the Client directs proxy materials to the Advisor's attention, this does not result in the Advisor assuming responsibility for the voting of proxies. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

## **Item 18 Financial Information**

Neither ThePARTNERS, nor its management, have any adverse financial situations that would reasonably impair the ability of ThePARTNERS to meet all obligations to its Clients. Neither ThePARTNERS, nor any of its IARs, has been subject to a bankruptcy or financial compromise. ThePARTNERS is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect fees of \$1,200 or more for services to be performed six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **A. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither ThePARTNERS nor its management has any financial condition that is likely to reasonably impair ThePARTNERS' ability to meet contractual commitments to clients.

### **B. Bankruptcy Petitions in Previous Ten Years**

ThePARTNERS has not been the subject of a bankruptcy petition in the last ten years.