

Swan Wealth Advisors, Inc.
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BROCHURE

This brochure provides information about the qualifications and business practices of Swan Wealth Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 970/382-8901 and/or email address info@swanconsultinginc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Swan Wealth Advisors, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published "Amendments to Form ADV" which amends the disclosure document that all advisors provide to clients as required by SEC Rules. This Brochure dated May 1, 2011 is a new document prepared according to the SEC's new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require. Additionally, this new brochure contains material changes from our last annual update. These material changes include three items. First, in addition to offering our money management service to individuals, we now offer it to investment advisors for their clients. Second, we have updated our composites to add two additional composites. These are IRA only accounts composite, called "The Defined Risk Strategy IRA Composite" and all non IRA accounts which we call our "The Defined Risk Strategy Select Composite". These two new composites comprise our original composite which is called The Defined Risk Strategy Composite. Third, we have changed our name to Swan Wealth Advisors, Inc. from Swan Consulting, Inc. These three changes are the only material changes since the last annual update of our brochure, which was dated November 3, 2009.

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Item 4 Advisory Business

A. Randall W. Swan and/or Swan Wealth Advisors, Inc. (hereinafter “Swan” or the “Firm”), owned 100% by Randall W. Swan, has been offering investment management services since 1997. Swan Wealth Advisors, Inc. is an independent Investment Advisory company headquartered in Durango, CO. Swan is registered with the US Securities and Exchange Commission under the Investment Advisors Act of 1940. Swan offers and manages The Defined Risk Strategy for its clients including individuals, institutions and other investment advisor firms. Swan offers its services to individuals and third party advisors.

B. Swan provides discretionary investment management through one strategy called the Defined Risk Strategy (DRS). The DRS is in an index-based strategy that was designed to protect investors from substantial market declines, provide income in flat, and to benefit from market appreciation. The DRS’s main holding is the S&P 500 through an exchange traded fund. Options on this index are additional primary components of the strategy. Options are used to protect the main holdings from down markets and also to generate monthly income for the portfolios.

C. We only manage one strategy and do not tailor it to the individual needs of the clients.

D. We are not part of, or a sponsor of any wrap fee program.

E. We only manage client assets on a discretionary basis. As of May 1, 2011, we manage \$103,400,000. This is the entire amount of assets under our discretion as computed by our client accounting software (Captools). All account data is downloaded on a daily basis from the brokerage firms holding custody of the client assets (Interactive Brokers, TD Ameritrade and Charles Schwab).

Item 5 Fees and Compensation

A. Swan charges a negotiable asset based fee ranging between 0.75% and 1.25% per annum based on an annualized percentage of total monies invested, as authorized per client agreement, applied on daily, monthly or quarterly basis. There is a minimum annual fee of \$5000. On rare occasions, fee paying arrangements may differ from those stated above.

B. Swan's management fees are paid daily by one custodian and monthly by the others in arrears. These are paid by the qualified custodian that is holding the client’s funds and securities; provided the client supplies written authorization permitting the fees to be paid directly from the account.

C. The client will pay brokerage commissions to the custodian/brokerage firm for each transaction including the purchase and sale of any exchange traded fund invested in and any and all option trades. Swan does not share in any portion of these fees. Additionally, the client pays the exchange traded fund expenses, which are built in to the price of the fund and charged daily by the exchange traded fund company. Please see section 12, Brokerage Practices.

D. Our clients do not pay fees in advance. Clients may terminate their contract at any time and will only pay fees through the end of the day in which they terminate their contract.

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

Swan Wealth Advisors, Inc. does not charge any performance based fees.

Item 7 Types of Clients

We provide investment advice to investment advisors, individuals, trusts, pension plans, corporations and family offices. Swan's clients include third party investment advisers whereby Swan acts as a sub-advisor. Swan is compensated up to 1.25% per annum of the sub-advised assets. In addition, Swan serves as investment adviser to privately placed pooled investment vehicles including family limited partnerships. Investment advisory clients are not solicited to invest in these vehicles. Our minimum account size is \$250,000 which may be waived in the sole discretion of the Firm.

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

The DRS involves one primary investment strategy for managing all investment accounts. Although The DRS employs certain risk mitigation techniques which are designed to limit losses, investing in securities involves risk of loss that all clients should be prepared to bear. Swan manages client accounts with the goal of protecting wealth and accumulating gains. Utilizing statistical probability, Swan's investment management philosophy is based upon absolute risk management and reduction using multiple layers of hedging techniques across multiple time horizons with the goal of maximizing gains and minimizing losses.

The DRS has two components; Basket I and Basket II. Basket I consists of an S&P 500 exchange traded fund and a put option to minimize risk. The option portion of Basket I is specifically designed to limit a portfolio's exposure to falling markets. The option component is an investment similar to an insurance policy on your house (i.e. equity). The deductible for this policy is specifically chosen by Swan to limit (not eliminate) losses and/or secure profits. Basket II consists of covered spread option income trades executed in each account and then monitored daily for optimization adjustments. The monthly frequency of Basket II trades helps to smooth out overall DRS returns in that it generates income over various market conditions. At the same time these trades are executed, all adjustments points and liquidations for these positions are prepared in advance. This trading policy is similar in effect to circuit breakers in your home's electrical panel in that it protects profits and minimizes losses.

The DRS is designed to eliminate most, but not all of the downside of the stock market. DRS Baskets work together to limit risk. In most cases, when one component is losing value, at least one of the other components is gaining value. Clients and prospective clients receive a separate disclosure document that sets out a more detailed explanation of the material risks of investment strategies. To obtain a copy of the "DRS Overview", please contact us via phone (970) 382-8901 or email at info@swanconsultinginc.com.

Item 9 Disciplinary Information

Swan Wealth Advisors, Inc. has no legal or disciplinary events.

Item 10 Other Financial Industry Activities and Affiliations

C.3. Swan Wealth Advisors, Inc. offers its money management services to other Advisory firms. In the instance of Swan being hired by a client of another Advisory firm, Swan is referred to as the "Subadvisor". Currently Swan has three other Advisory Firms that refer clients, AMS Advisors, Arista Wealth Management and Prasada Capital Management. These arrangements do not create any conflicts of interest with our clients.

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

A. Code of Ethics

Swan Wealth Advisors, Inc. (the Company) maintains a Code of Ethics Policy, adopted pursuant to SEC rule 204A-1, which includes policies on Insider Trading and Personal Securities Transactions. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

The general principles of this code state that Swan Wealth Advisors, Inc. is a fiduciary to its investment advisory clients. Because of this fiduciary relationship, it is generally improper for the Company or its Associated Persons to:

1. Use for their own benefit (or the benefit of anyone other than the client), to the detriment of the client, information about the Company's trading or recommendations for client accounts; or
2. Take advantage of investment opportunities that would otherwise be available for the Company's clients.

B. Participation in Client Transactions and Personal Trading

Also, as a matter of business policy, the Company wants to avoid even the appearance that the Company, its Associated Persons or others receive any improper benefit from information about client trading or accounts or from our relationships with our clients or with the brokerage community. The Company expects all Associated Persons to comply with the spirit of the Code, as well as the specific rules contained in the Code. The Company treats violations of this Code (including violations of the spirit of the Code) very seriously. Violation of either the letter or the spirit of this Code may result in the Company taking disciplinary measures. Neither Swan Wealth Advisors, Inc. nor any of its Associated Persons participate in client transactions.

Associated Persons do invest in the same securities that we recommend to clients. All of our clients, including Associated Persons who have accounts managed by Swan, buy and/or sell the same securities simultaneously. We execute block trades, which means that we buy and/or sell securities in large amounts that are then broken down and allocated automatically to each account. All accounts receive the proper number of securities at the same average price, which enables us to avoid any conflicts of interest with our clients.

Item 12 Brokerage Practices

1. We do not receive Research and/or Other Soft Dollar Benefits from any brokerage firms.
2. We do not receive Brokerage for Client Referrals from any brokerage firms.
3. Directed Brokerage.

A. Swan offers the DRS through multiple brokerage firms including Interactive Brokers, TD Ameritrade, Fidelity and/or Charles Schwab (The Brokers). All of which are members of the Financial Industry Regulatory Authority Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). While Swan believes that The Brokers provide Best Execution, the commission rates charged by them may be higher or lower than those charged by other broker-dealers.

B. Swan will aggregate orders with respect to the same security purchased for different clients. When orders are aggregated, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based upon each account's participation in the

transaction. The exception to this is when a new account is received or an account has a redemption request. In that case, the purchase and/or sale of securities is performed for that client only.

Item 13 Review of Accounts

Randy Swan, President, will monitor accounts on a continuous basis and will conduct an internal formal review of accounts on at least a quarterly basis. Triggering factors that may stimulate a review include, but are not limited to, significant market corrections, large deposits or withdrawals from an account, substantial changes in the value of a client's portfolio and a change in the client's investment objectives. All clients receive and are responsible for reviewing and comparing their monthly brokerage statements from their custodian. Swan sends out written reports annually which include; time weighted returns, a summary of transactions for the year, including fees & expenses, dividends, interest, inflows, outflows, realized and unrealized gains as well as securities bought and sold. It also includes yearend holdings.

Item 14 Client Referrals and Other Compensation

- A. The Firm does not have anyone who is not a client provide us with economic benefits.
- B. The Firm does not directly or indirectly compensate any person for client referrals other than when it manages accounts for the other investment advisors referred to in **Item 10 Other Financial Industry Activities and Affiliations**, in which Swan acts as a sub-advisor. These marketing arrangements are consistent with Rule 206(4)-3 of the Investment Advisers Act as amended. Under no circumstances will the client be disadvantaged by the payment of such fees. Clients of the firm whose accounts involve third party marketing arrangements are advised of the arrangement and do not pay higher fees to Swan as a result of the arrangement than they would if they came to us on their own.

Item 15 Custody

The Firm does not have custody of client funds or securities. Assets are held at various custodians including Interactive Brokers, Charles Schwab, Fidelity and TD Ameritrade.

Item 16 Investment Discretion

Clients of the Firm grant Swan complete discretion over the selection and amount of securities to be purchased or sold for their account without obtaining their prior consent or approval. However, Swan's investment authority may be subject to specified investment objectives, guidelines and/or conditions imposed by the client. For example, a client may specify that a specific amount of cash remain in the account at all times.

Item 17 Voting Client Securities

Clients may either direct Swan to vote proxies on their behalf or the client will be solely responsible for voting proxies. If authorized by the client, Swan will vote proxies, based on the Firm's reasonable judgment of that vote most likely to produce favorable financial results for the Firm's clients. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders; proxy votes

generally will be cast against proposals having the opposite effect. However, the Firm will consider both sides of each proxy issue.

Item 18 Financial Information

- A. We do not require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance.
- B. There is no financial condition that is reasonably likely to impair the Firm's ability to meet contractual commitments to clients.
- C. We have not been the subject of bankruptcy petitions at any time.