

# Disclosure Brochure

August 20, 2012

## **Strategic Wealth Partners, LLC**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Strategic Wealth Partners, LLC (hereinafter "Strategic Wealth Partners"). If you have any questions about the contents of this brochure, please contact Moira Fahey-Ullrich at (224) 632-1600. 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 Strategic Wealth Partners, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Strategic Wealth Partners, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

This Item discusses only the material changes that have occurred since Strategic Wealth Partners' last annual update dated March 31, 2011. Strategic Wealth Partners does not have any material changes to disclose in this Item.

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### Supervised Person Brochure Supplements

## Item 4. Advisory Business

Since May 2008, Strategic Wealth Partners has been in business as an SEC registered investment adviser. Founded by the firm's managing members, Neal Price and David Copeland, Strategic Wealth Partners works with clients with the goal of preserving and growing wealth through insightful planning and objectively selected investment and financial vehicles. The firm prides itself on seeking to help clients set realistic financial goals that can be reached while mitigating the amount of risk. Strategies are tailored to fit the unique needs of each client's short and long-term goals. Strategic Wealth Partners aims to help clients with a variety of common investment goals including: secure retirement, capital preservation, providing for heirs or favorite charities, funding college education for children or grandchildren. The firm also provides consulting services to qualified plans, trade associations and charitable organizations.

Strategic Wealth Partners provides financial planning and investment management services to its clients. Prior to engaging Strategic Wealth Partners to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Strategic Wealth Partners setting forth the terms and conditions under which Strategic Wealth Partners renders its services (collectively the "Agreement").

Strategic Wealth Partners has \$828,744,431 of assets under advisement as of December 31, 2011. \$449,995,274 of these assets are advised on a discretionary basis, and \$378,749,157 are advised on a non-discretionary basis.

This Disclosure Brochure describes the business of Strategic Wealth Partners. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Strategic Wealth Partners' officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Strategic Wealth Partners' behalf and is subject to the firm's supervision or control.

### **Investment Management and Financial Planning Services**

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Strategic Wealth Partners manages client assets on a discretionary or non-discretionary basis. The firm may also provide its clients with certain financial planning services (which may include business planning, insurance, retirement, education, estate planning, and tax and cash flow analysis). The financial planning services are generally provided as part of Strategic Wealth Partners' overall annual management fee, however in limited circumstances a separately negotiated fixed fee may be charged depending on the market value of the assets under management and type of planning services to be rendered.

As detailed in Item 8, Strategic Wealth Partners may allocate clients' investment management assets among professionally managed investments such as mutual funds, exchange-traded funds ("ETFs"), *Independent Managers* (as defined below) and other securities. Additionally, Strategic Wealth Partners may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities

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Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives.

The firm may also render services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, Strategic Wealth Partners either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Strategic Wealth Partners tailors its advisory services to the individual needs of clients. Strategic Wealth Partners consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Strategic Wealth Partners ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Strategic Wealth Partners if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon the firm's management services. Clients may impose reasonable restrictions or mandates on the management of their account if, in Strategic Wealth Partners' sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

### **Use of Independent Managers**

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Strategic Wealth Partners may recommend that clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between Strategic Wealth Partners or the client and the designated *Independent Managers*. Strategic Wealth Partners renders services to the client relative to the discretionary and/or non-discretionary selection or recommendation of *Independent Managers*. Strategic Wealth Partners also monitors and reviews the account performance and the client's investment objectives.

In addition to Strategic Wealth Partners' written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Strategic Wealth Partners. In such instances, Strategic Wealth Partners may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

### **Sponsor of Wrap Program**

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Strategic Wealth Partners is also the sponsor of the SWP Separately Managed Account Program (the "*Program*"). The firm only uses the *Program* for a small portion of its clients, as appropriate. In the event

the client participates in the *Program*, Strategic Wealth Partners provides its investment management services and arranges for brokerage transactions under a single annualized fee. Through the *Program*, Strategic Wealth Partners has enlisted third parties, including Envestnet Asset Management, Inc. (“*Envestnet*”), to offer various investment management products and services. The *Program* provides clients the ability to have assets managed by *Independent Managers*, without incurring separate brokerage commissions or transaction charges. Envestnet and Strategic Wealth Partners are not affiliated other than with regard to jointly providing services through the *Program*.

Participants in the *Program* may pay a higher aggregate fee than if investment management and brokerage services are purchased separately. A complete description of the *Program*’s terms and conditions (including fees) are contained in the *Program*’s wrap fee brochure.

### Item 5. Fees and Compensation

Strategic Wealth Partners offers its services on a fee basis, which may include hourly and fixed fees as well as fees based upon assets under management.

#### Investment Management Fee

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Strategic Wealth Partners provides its services for an annual fee based upon a percentage of the market value of the assets being managed by the firm. Strategic Wealth Partners’ annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client (other than clients in the *Program*). Strategic Wealth Partners does not, however, receive any portion of these commissions, fees, and costs. Strategic Wealth Partners’ annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter (except with respect to the value of investments in certain limited partnerships where billing is quarterly in advance based on the most recently available net asset value provided by the fund manager). The annual fee shall vary (generally between 0.50% and 1.00%) depending upon the market value of the assets under management and the type of investment management services to be rendered. As detailed above, Strategic Wealth Partners may also provide its clients with certain financial planning services. The financial planning services are generally provided as part of Strategic Wealth Partners’ overall annual management fee, however in limited circumstances a separately negotiated fixed fee may be charged depending on the market value of the assets under management and type of planning services to be rendered.

Certain pre-existing clients may be subject to a different fee schedule.

Additionally, certain of the firm’s *Supervised Persons* provide expert witness testimony services, for which the firm may receive hourly fees.

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Strategic Wealth Partners, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

## **Fees Charged by Other Parties**

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As further discussed in response to Item 12 (below), Strategic Wealth Partners generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") or Charles Schwab & Co., Inc. ("*Schwab*") for investment management accounts.

Strategic Wealth Partners may only implement its investment management recommendations after the client has arranged for and furnished Strategic Wealth Partners with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Fidelity*, *Schwab* any other broker-dealer recommended by Strategic Wealth Partners, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers*, custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Strategic Wealth Partners' fee.

Strategic Wealth Partners' *Agreement* and the separate agreement with any *Financial Institutions* may authorize Strategic Wealth Partners or *Independent Managers* to debit the client's account for the amount of Strategic Wealth Partners' fee and to directly remit that management fee to Strategic Wealth Partners or the *Independent Managers*. Any *Financial Institutions* recommended by Strategic Wealth Partners have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Strategic Wealth Partners. Alternatively, clients may elect to have Strategic Wealth Partners send an invoice for payment.

## **Fees for Management During Partial Quarters of Service**

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For the initial period of services, the fees are calculated on a *pro rata* basis as defined in the *Agreement*.

The *Agreement* between Strategic Wealth Partners and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Strategic Wealth Partners' fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to Strategic Wealth Partners' right to terminate an account. Additions may be in cash or securities provided that Strategic Wealth Partners reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Strategic Wealth Partners, subject to the usual and customary securities settlement procedures. However, the firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

Strategic Wealth Partners may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

### **Commissions or Sales Charges for Recommendations of Securities**

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Certain pre-existing clients had engaged persons associated with Strategic Wealth Partners (but not Strategic Wealth Partners) to render securities brokerage services under a commission arrangement. Under this prior arrangement, clients could implement securities transactions through certain of Strategic Wealth Partners' *Supervised Persons* in their respective individual capacities as registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), an SEC registered broker-dealer and member of FINRA. Strategic Wealth Partners does not offer this service for new clients.

In these limited situations for pre-existing clients, *PKS* may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by *PKS* to such *Supervised Persons*. The brokerage commissions charged by *PKS* may be higher or lower than those charged by other broker-dealers.

A conflict of interest exists to the extent that Strategic Wealth Partners recommended the purchase of securities where Strategic Wealth Partners' *Supervised Persons* receive commissions or other additional compensation as a result of Strategic Wealth Partners' recommendations. Strategic Wealth Partners has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients, and as stated above, the firm does not offer this service for new clients.

For those accounts covered by ERISA (and such others that Strategic Wealth Partners, in its sole discretion deems appropriate), Strategic Wealth Partners provides its investment advisory services on a fee-offset basis. In this scenario, Strategic Wealth Partners may offset its fees by an amount equal to the aggregate commissions earned by Strategic Wealth Partners' *Supervised Persons* in their individual capacities as registered representatives of *PKS*.



For accounts custodied at *Fidelity*, the firm offsets its fees by an amount equal to the ongoing 12b-1 fees received by the firm's *Supervised Persons* for mutual fund purchases for all clients, including ERISA accounts.

### Item 6. Performance-Based Fees and Side-by-Side Management

Strategic Wealth Partners does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

### Item 7. Types of Clients

Strategic Wealth Partners provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

#### Minimum Account Size

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As a condition for starting and maintaining a relationship, Strategic Wealth Partners generally imposes a minimum portfolio size of \$1,000,000. Strategic Wealth Partners, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities. Strategic Wealth Partners only accepts clients with less than the minimum portfolio size if, in the sole opinion of Strategic Wealth Partners, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. Strategic Wealth Partners may aggregate the portfolios of family members to meet the minimum portfolio size.

Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Strategic Wealth Partners. In such instances, Strategic Wealth Partners may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

Strategic Wealth Partners believes that a sound, successful wealth management strategy starts with a thoughtful financial plan. Before Strategic Wealth Partners begins to determine an appropriate mix of assets for a client, it generally has a discussion with the client about their current assets, insurance, taxes, goals, objectives, risk tolerance and other factors. Strategic Wealth Partners believes the planning process drives portfolio construction, and the firm may conduct a more in-depth analysis dependent on each unique situation.

Strategic Wealth Partners' investment philosophy emphasizes asset allocation, diversification, limiting volatility, avoiding over-reliance on historical data and using independent professional managers,

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discipline and managing taxes prudently. Strategic Wealth Partners creates portfolios that are customized to an individual client's needs.

The firm generally invests client assets among professionally managed investments such as mutual funds, ETFs, *Independent Managers* and other securities it believes are appropriate. Strategic Wealth Partners utilizes independent data services, a strict screening methodology, qualitative research, and the experience of its Investment Committee to evaluate potential investment solutions for its clients.

The firm seeks to find investments that have demonstrated consistent returns and good risk-controls. Strategic Wealth Partners has formulated a proprietary screening methodology based upon this philosophy. Strategic Wealth Partners reviews the investment's performance during rising and falling markets in an effort to provide protection of clients' capital in down markets while still allowing them to participate in up markets.

Strategic Wealth Partners also determines an appropriate peer group and benchmark for the search based upon the asset class. This is very straight forward for traditional asset classes, such as large cap value, but much more involved when searching for alternative and tactical managers. To further narrow the universe of potential investments, Strategic Wealth Partners typically uses quantitative and qualitative factors. The firm considers several metrics before identifying the criteria for its proprietary model. Typically, after running the initial screen, Strategic Wealth Partners narrows the universe of potential investments to 50 or less depending on the asset class. Strategic Wealth Partners then reviews additional quantitative factors, such as assets under management, expense ratios, style consistency and turnover.

In addition, the firm typically reviews (i) investment philosophy and process; (ii) manager team tenure and experience and number of investment professionals; (iii) size and stability of the organization and firm ownership; and (iv) asset growth and capacity for the strategy.

After identifying what Strategic Wealth Partners' believes to be the most qualified investments, the firm typically conducts interviews with each of the prospective investment management teams. Typically after interviews are completed, the firm's Investment Committee will meet to determine the final selection. Once a final selection has been made, an implementation strategy for the new manager is created. The firm's Investment Committee subsequently reviews the investment results on a monthly or quarterly basis depending on availability of data. Individual manager monitoring is part of Strategic Wealth Partners' ongoing due diligence process, in addition to performance, the firm also monitors style drift, management changes, organizational changes, asset growth, and philosophy changes.

Strategic Wealth Partners understands that all investments will have periods of underperformance. When underperformance is identified, the firm will inquire as to the reasoning for the underperformance. If the explanation is consistent with his or her original investment thesis, Strategic Wealth Partners will continue to closely monitor the investment, but may not immediately look for a replacement. If the explanation did not sufficiently explain the performance issues, Strategic Wealth Partners may seek out a replacement

manager. If and when this occurs, the firm leverages its prior analysis to find a replacement manager and if necessary, perform a new manager search.

### Risks of Loss

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#### *Mutual Funds and Exchange Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Mutual funds can be broken down into open-ended funds and closed-end funds. For open-ended funds, purchases and sales of fund shares take place directly between investors and the fund company. There is no limit to the number of shares the fund can issue; as more investors buy into the fund, more shares are issued. Federal regulations require a daily valuation process, or "marked to market", which adjusts the fund's per-share price to reflect changes in portfolio (asset) value. The value of the individual's shares is not affected by the number of shares outstanding. For closed-end funds, only a specific number of shares are issued and the fund does not issue new shares as investor demand grows. Prices are driven by investor demand. Purchases of shares are often made at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more).

#### *Market Risks*

The profitability of a portion of Strategic Wealth Partners' recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Strategic Wealth Partners will be able to predict those price movements accurately.

#### *Use of Independent Managers*

As stated above, Strategic Wealth Partners may recommend the use of *Independent Managers* for certain clients. Strategic Wealth Partners will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, Strategic Wealth Partners does not have the ability to supervise the

*Independent Managers* on a day-to-day basis other than as previously described in response to Items 4 and 8, above.

### *Use of Private Collective Investment Vehicles*

Strategic Wealth Partners may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called “hedge funds”). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there may be an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

## **Item 9. Disciplinary Information**

Strategic Wealth Partners is required to disclose the facts of any legal or disciplinary events that are material to a client’s evaluation of its advisory business or the integrity of management. The firm does not have any disclosures to this Item.

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

Strategic Wealth Partners is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Strategic Wealth Partners has described such relationships and arrangements below.

### **Registered Representatives of Broker Dealer**

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As discussed above in Item 5, certain of Strategic Wealth Partners’ *Supervised Persons* are registered representatives of PKS.

### **Receipt of Insurance Commission for Pre-Existing Clients**

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Certain of Strategic Wealth Partners’ *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While Strategic Wealth Partners does not sell such insurance products to its investment advisory clients, the firm does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to a limited group of pre-existing clients. For these particular clients, a conflict of interest exists to the

extent that Strategic Wealth Partners recommends the purchase of insurance products where Strategic Wealth Partners' *Supervised Persons* receive insurance commissions or other additional compensation.

### Item 11. Code of Ethics

Strategic Wealth Partners and persons associated with Strategic Wealth Partners ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Strategic Wealth Partners' policies and procedures.

Strategic Wealth Partners has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Strategic Wealth Partners or any of its associated persons. The *Code of Ethics* also requires that certain of Strategic Wealth Partners' personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

When Strategic Wealth Partners is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Strategic Wealth Partners is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

However, unless specifically permitted in Strategic Wealth Partners' *Code of Ethics*, none of Strategic Wealth Partners' *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Strategic Wealth Partners' clients.

Clients and prospective clients may contact Strategic Wealth Partners to request a copy of its *Code of Ethics*.

### Item 12. Brokerage Practices

As discussed above, in Item 5, Strategic Wealth Partners generally recommends that clients utilize the brokerage and clearing services of *Fidelity* or *Schwab* (collectively, "*Custodians*").

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Factors which Strategic Wealth Partners considers in recommending *Custodians* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Such *Custodians* enable Strategic Wealth Partners to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Custodians* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Strategic Wealth Partners' clients comply with Strategic Wealth Partners' duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Strategic Wealth Partners determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Strategic Wealth Partners seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Strategic Wealth Partners periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Strategic Wealth Partners in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Strategic Wealth Partners will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Strategic Wealth Partners (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Strategic Wealth Partners may decline a client's request to direct brokerage if, in Strategic Wealth Partners' sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless Strategic Wealth Partners decides to purchase or sell the same securities for several clients at approximately the same time. Strategic Wealth Partners may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Strategic Wealth Partners' clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Strategic Wealth Partners' clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Strategic Wealth Partners determines to aggregate client orders for the purchase or sale of securities, including securities in which

Strategic Wealth Partners' *Supervised Persons* may invest, Strategic Wealth Partners generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Strategic Wealth Partners does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Strategic Wealth Partners determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Strategic Wealth Partners may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

### **Commissions or Sales Charges for Recommendations of Securities**

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As discussed above, certain *Supervised Persons* in their respective individual capacities, are registered representatives of *PKS*. These services are only provided to pre-existing clients. These *Supervised Persons* are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless *PKS* provides written consent. Therefore, pre-existing clients that use these services are advised that certain *Supervised Persons* may be restricted to conducting securities transactions through *PKS* unless they first secure written consent from *PKS* to execute securities transactions through a different broker-dealer. Absent such written consent or separation from *PKS*, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than *PKS* under *PKS*'s internal supervisory policies. Strategic Wealth Partners is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

### **Software and Support Provided by Financial Institutions**

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Strategic Wealth Partners may receive from *Custodians*, without cost to the firm, computer software and related systems support, which allow Strategic Wealth Partners to better monitor client accounts maintained at *Custodians*. Strategic Wealth Partners may receive the software and related support without cost because Strategic Wealth Partners renders investment management services to clients that



maintain assets at *Custodians*. The software and related systems support may benefit Strategic Wealth Partners, but not its clients directly. In fulfilling its duties to its clients, Strategic Wealth Partners endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Strategic Wealth Partners' receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Strategic Wealth Partners' choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, Strategic Wealth Partners may receive the following benefits from *Custodians*: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its 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.

### Item 13. Review of Accounts

Strategic Wealth Partners monitors investment management portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by one of Strategic Wealth Partners' investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Strategic Wealth Partners and to keep Strategic Wealth Partners informed of any changes thereto. Strategic Wealth Partners contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Strategic Wealth Partners provides investment advisory services will also receive a report from Strategic Wealth Partners that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a periodic basis. **Clients should compare the account statements they receive from their custodian with those they receive from Strategic Wealth Partners.**

### Item 14. Client Referrals and Other Compensation

Strategic Wealth Partners is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

In addition, Strategic Wealth Partners is required to disclose any direct or indirect compensation that it provides for client referrals. If a client is introduced to Strategic Wealth Partners by either an unaffiliated or an affiliated solicitor, Strategic Wealth Partners may pay that solicitor a referral fee in accordance with



the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from Strategic Wealth Partners' investment management fee, and does not result in any additional charge to the client. If the client is introduced to Strategic Wealth Partners by an unaffiliated solicitor, the solicitor provides the client with a copy of Strategic Wealth Partners' written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Strategic Wealth Partners discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Strategic Wealth Partners' written disclosure brochure at the time of the solicitation.

Strategic Wealth Partners has entered into an agreement with *Fidelity* to participate in Fidelity Wealth Advisor Solutions ("WAS"), a referral service designed to match investors with an independent investment advisor in their area. Strategic Wealth Partners pays a fee for participating in WAS. Strategic Wealth Partners has agreed not to charge clients introduced through WAS fees or costs greater than the fees or costs Strategic Wealth Partners charges its advisory clients who were not introduced through WAS, and who have similar portfolios under management with Strategic Wealth Partners. Strategic Wealth Partners' participation in *Advisor Access* may raise potential conflicts of interest. Although not required by WAS, Strategic Wealth Partners may be more likely to execute transactions for their clients referred through WAS with *Fidelity*, consistent with Strategic Wealth Partners' duty of best execution as further discussed above.

### Item 15. Custody

Strategic Wealth Partners' *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Strategic Wealth Partners through such *Financial Institution* to debit the client's account for the amount of Strategic Wealth Partners' fee and to directly remit that management fee to Strategic Wealth Partners in accordance with applicable custody rules.

The *Financial Institutions* recommended by Strategic Wealth Partners have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Strategic Wealth Partners. In addition, as discussed in Item 13, Strategic Wealth Partners also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Strategic Wealth Partners.

### Item 16. Investment Discretion

Strategic Wealth Partners may be given the authority to exercise discretion on behalf of clients. Strategic Wealth Partners is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Strategic Wealth Partners is

given this authority through a power-of-attorney included in the agreement between Strategic Wealth Partners and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Strategic Wealth Partners takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

### **Item 17. Voting Client Securities**

Strategic Wealth Partners is required to disclose if it accepts authority to vote client securities. Strategic Wealth Partners does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*. Proxies may be voted by the *Independent Manager* unless the client and *Independent Manager* agree otherwise.

### **Item 18. Financial Information**

Strategic Wealth Partners does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Strategic Wealth Partners is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Strategic Wealth Partners has no disclosures pursuant to this Item.

## **Strategic Wealth Partners, LLC**

*a Registered Investment Adviser*

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