

# STRATEGIC FINANCIAL PARTNERS, LTD

A FINANCIAL PLANNING FIRM & REGISTERED INVESTMENT ADVISER

121 SW MORRISON STREET SUITE 1550  
PORTLAND, OR 97204  
(503) 242-9047 (P)  
(503) 242-9164 (F)  
[WWW.ADVISORYFIRM.COM](http://WWW.ADVISORYFIRM.COM)

## FORM ADV PART 2A FIRM BROCHURE STATE OF WASHINGTON

This brochure provides information about the qualifications and business practices of Strategic Financial Partners, Ltd, CRD #144858, June 2012. If you have any questions about the contents of this brochure, please contact us at (503) 242-9047, or by email at [carroll@advisoryfirm.com](mailto:carroll@advisoryfirm.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 Strategic Financial Partners, Ltd. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## ITEM 2 MATERIAL CHANGES

Strategic Financial Partners, Ltd has changed from SEC to State registration in 2012.

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## ITEM 4

## ADVISORY BUSINESS

### Our Firm

Strategic Financial Partners, Ltd. (SFP) is a State Registered Investment Adviser with its principal place of business in Portland, Oregon. While the two founders have provided financial planning and investment advice since 1989, SFP was established in 2009. Grant Carroll and Richard Williams are the only shareholders.

SFP offers the following advisory services to its clients:

### Comprehensive Financial Planning

Comprehensive financial planning is designed to help the client with all aspects of their financial lives without ongoing investment management after the financial plan is completed. The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

### Goal Specific Planning

Some SFP planning clients want to address and need assistance with a specific goal rather than comprehensive financial planning. Examples would be college funding for a child, corporate qualified plan analysis, or an estate-gifting plan. SFP will visit with a client, gather all pertinent data for their goal, and provide them with written analysis based on their goals and objectives.

### Investment Management

SFP provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

### Advisory Services

Most clients choose to have SFP provide ongoing in-depth advice and life planning. Similar to a comprehensive financial planning, all aspects of the client's financial affairs are reviewed, monitored, and updated on an ongoing basis. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives

change over time, suggestions are made and implemented on an ongoing basis. Advisory services include cash flow management; insurance review; investment management (including performance reporting); education planning; retirement planning; estate planning; employee benefits review; and tax planning, as well as the implementation of recommendations within each area.

As part of SFPs advisory services, clients may be referred to other independent registered investment advisers based on their individual circumstances and needs for portfolio management.

#### Tailoring Our Services to Meet Your Needs

SFP actively provides services to clients based on their individual needs, objectives and risk tolerances. We will ask questions and collect data about you, then tailor your portfolio and/or financial plan accordingly. You may impose restrictions limiting investments in certain securities or types of securities in your accounts with us.

#### Assets Under Management

As of March 9, 2012 SFP had \$69,272,321 in discretionary assets under management (AUM).

## ITEM 5 FEES AND COMPENSATION

The fee for a Comprehensive Financial Plan is based upon the individual client's situation and complexity (i.e. amount of time required for fact finding, creation, and implementation of a plan, number of financial accounts to review, number of alternate scenarios created, time spent with a client's other advisors) at the start of the engagement and can range between \$500 to \$10,000.

Goal Specific clients pay either \$225 per hour or an agreed upon fixed fee based on the complexity of the analysis.

The annual fee for Investment Management services is based on a percentage of the client's assets according to the following schedule:

- 0.80% on the first \$500,000;
- 0.65% on the next \$500,000 (from \$500,001 to \$1,000,000); and
- 0.50% on the next \$500,000 (from \$1,000,001 to \$1,500,000); and
- 0.35% on the assets above \$1,500,000

The annual fee for Advisory Services is based on a percentage of the client's assets according to the following schedule:

- 1.25% on the first \$500,000;
- 1.00% on the next \$500,000 (from \$500,001 to \$1,000,000); and
- 0.75% on the next \$500,000 (from \$1,000,001 to \$1,500,000); and

0.50% on the assets above \$1,500,000

Fees for Financial Planning and Goal Specific plans are due and payable in advance; however they will not be for more than six months in advance. Advisory Services and Investment Management fees are billed quarterly in advance and are negotiable.

SFP, in its sole discretion, may waive its minimum fee and/or charge a lesser investment management or advisory services fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.). Fee agreements will be provided and outline actual fees in each client situation.

### General Information

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

**Mutual Fund Fees:** All fees paid to SFP for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Wrap Fee Programs and Separately Managed Account Fees:** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**ERISA Accounts:** SFP is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, SFP may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset SFP's advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered.

## ITEM 6                      PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT

SFP does not charge or accept performance-based fees.

## ITEM 7                      TYPES OF CLIENTS

SFP provides advisory and financial planning services to individuals, families, trusts, estates, businesses, pension/profit sharing plans, and foundations/charitable organizations.

## ITEM 8                      METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Methods of Analysis, Investment Strategies, and Risk of Loss

SFP utilizes fundamental analysis in our decision making process. We gather information from resources, including, but not limited to, financial newspapers and magazines; inspections of corporate records; research materials prepared by broker-dealers and other analysts; corporate rating services; annual reports, prospectuses, filings with the SEC; and company press releases.

SFP investment strategies are guided by a client's objectives and vary accordingly. We may utilize long-term purchases, short-term purchases and sales, margin transactions, option writing programs, bond purchases, and other investment strategies.

All investments (including CDs, T-Bills and Cash) have some degree of risk. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will be profitable for a client's investment portfolio. Investing in securities involves the risk of losing part or all of a client's initial investment. Mutual funds, stocks, and bonds are not guaranteed or insured by the FDIC or any other government agency. A client should be aware of and be able to bear these risks.

For mutual funds, past performance is no guarantee of future performance. All mutual funds have costs, known as 'operating expenses', which reduce investment returns. Each mutual fund also has its own 'market risk' based on the investments held.

Purchasing individual bonds or bond mutual funds also involves risks. Three major risks of owning bonds are: Credit Risk (the ability of the borrower to repay), Interest-Rate Risk (the chance that higher rates will make fixed-rate bonds worth less), and Buying-Power Risk (the loss of buying power of the currency in which the bonds are denominated).

Other investments (such as alternative investments, managed accounts, exchange traded funds etc.) may have market risk, currency risk, commodity risk and custodian risk, as well as other risks. And some investment strategies (such as option writing) may involve more active trading which may increase transaction costs and affect investment performance.

We try to limit the risks of investing for you by learning your investment objectives and by discussing your risk tolerance. We also try to communicate with you in a clear, understandable way. It is your responsibility to have a general understanding of how we invest for you, so we encourage you to contact us for any questions or concerns you may have.

#### Types of Investments We Recommend

SFP utilizes various types of investments, such as equities (exchange-listed, over-the-counter, foreign issued); exchange traded funds; warrants; corporate debt; commercial paper; certificates of deposit; investment company securities; municipal securities;

United States government securities; option contracts; futures contract on tangibles; and interest in partnerships (e.g., real estate, oil and gas).

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## ITEM 9 DISCIPLINARY INFORMATION

SFP and its advisors have not been involved in legal or disciplinary events related to past or present financial planning or investment management clients.

## ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

SFP is not registered as a broker dealer, futures commission merchant, commodity pool operator or commodity trading adviser.

Registered Advisors of SFP in their individual capacities may be Registered Representatives of LPL Financial LLC, a registered broker-dealer. In their capacity as Registered Representatives of LPL Financial LLC our advisors can transact security purchases and sales of stocks, bonds, mutual funds, ETFs, annuities, insurance contracts, limited partnerships, and alternative investments. LPL Financial LLC pays sales commissions to their Registered Representatives for transacting that type of brokerage business.

Registered Advisors of SFP in their individual capacities may be agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

SFP receives no revenue in any form from any broker dealer, insurance company, or other organization from our advisors acting in other capacities. SFP only receives revenue from client's Financial Planning, Goal Specific, Investment Management, and Advisory Services agreements.

Our firm endeavors at all times to put your interests first as part of our fiduciary duty as a registered investment adviser. We take the following steps to address this conflict:



- We disclose to you the existence of all material conflicts of interest, including the potential for us to earn compensation from the referral of you to other financial service providers in addition to our firm's advisory fees.
- We disclose to you in a separate disclosure document provided by the plan provider for qualified plans the compensation we receive in exchange for your referral to the selected financial service provider and the services we provide.
- Our firm's management conducts regular reviews of each client account to verify that all recommendations made to you are suitable to your needs and circumstances.
- We collect, maintain and document accurate, complete and relevant background information, including your financial goals, objectives and risk tolerance.
- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed.
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm.
- We have established a privacy policy to protect your privacy and to safeguard your information.
- We conduct initial and periodic due diligence on the selected investment advisers to establish that the advisers are suitable to recommend to our clients.
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to you.

## ITEM 11                      CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### Code of Ethics

This Code of Ethics ("Code") has been adopted by SFP and is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act").

This Code establishes rules of conduct for all employees of SFP and is designed to, among other things, govern personal securities trading activities in the accounts of employees, immediate family/household accounts and accounts in which an employee

has a beneficial interest. The Code is based upon the principle that SFP and its employees owe a fiduciary duty to SFP's clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that the high ethical standards long maintained by SFP continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee.

Pursuant to Section 206 of the Advisers Act, both SFP and its employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this section involves more than acting with honesty and good faith alone. It means that the SFP has an affirmative duty of utmost good faith to act solely in the best interest of its clients.

You may request a copy of our Code of Ethics either by phone at (503) 242-9047, or via email at [carroll@advisoryfirm.com](mailto:carroll@advisoryfirm.com).

#### Interest in Client Transactions

SFP does not recommend, buy or sell any investments for you in which we or related persons have a material financial interest.

#### Personal Trading

Employees of SFP may buy or sell securities for their personal accounts identical to or different than those recommended to you. Adhering to our Code of Ethics and our fiduciary responsibility to you, no person employed by SFP will put his/her interest or a related person's interest ahead of yours. If buying or selling securities should happen simultaneously with client transactions, our fiduciary duty prevents us from putting our interest in front of yours.

## ITEM 12                      BROKERAGE PRACTICES

#### Recommending Broker-Dealers

SFP recommends that you establish brokerage accounts with LPL Financial LLC (LPL), a registered broker-dealer and member SIPC, to maintain custody of assets and to effect trades.

LPL provides SFP with access to its institutional trading and custody services, which are typically not available to retail investors. LPL services include brokerage, custody, research, 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.

For SFPs client accounts maintained in custody, LPL charges account holders transaction related fees for securities trades. LPL provides SFP assistance in managing and administering clients' accounts. These include access to client account data, facilitate trade execution, provide research, facilitate payment of SFP management fees from its clients' accounts, recordkeeping, and client reporting.

LPL also makes available to SFP other services intended to help SFP manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing.

In choosing a broker-dealer or negotiating commission rates, we are not obligated to seek competitive bids or the lowest commission cost to you; but we determine that the commission rate charged is reasonable based on the quality of custodial services available to our clients. As a fiduciary, SFP endeavors to act in your best interests.

#### Soft Dollar Benefits

SFP does not participate in soft dollar arrangements.

#### Block Trading

SFP may aggregate the purchase or sale of securities for client accounts (a "block trade"). This procedure is typically utilized to add, modify, or eliminate an investment position across client accounts. The benefits to each individual client may include one or all of the following: expeditious position modification, reduced transaction cost, and equitable price execution.

### ITEM 13 REVIEW OF ACCOUNTS

#### Periodic Reviews

Account reviews are performed by a clients Registered Advisor and take into account changes in tax laws, new investment information, and changes in a client's own situation. SFP performs quarterly reviews of client accounts to document account positions with stated client objectives. Those reviews are performed quarterly by SFP management.

#### Regular Reports

Advisory Services and Investment Management clients receive quarterly account statements from the custodian. Advisory Services and Financial Planning clients receive online access to their personal financial situation that may include net worth statements, account overviews, asset allocations, cash flow reports, income and expense statements, and a summary of objectives and progress towards meeting those objectives.

## ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

### Client Referrals

SFP works with many other professionals in the financial industry: accountants, attorneys, trust officers, mortgage brokers, etc. SFP does not receive compensation when referring clients to these individuals or entities, and SFP does not compensate those individuals or entities for providing SFP with client referrals.

### Advisory Referral Fees

As previously disclosed, we recommend the services of various registered investment advisers to its clients. In exchange for this recommendation, we receive a referral fee from the selected investment adviser. The fee received by us is typically a percentage of the fee charged by that investment adviser to the referred client. The portion of the advisory fee paid to us does not increase the total advisory fee paid to the selected investment adviser by the client.

We are aware of the special considerations required under Rule 206(4)-3 of the Investment Advisers Act of 1940. At the time of conducting the advisory solicitation, all appropriate disclosures shall be made and all applicable Federal and State laws will be observed.

## ITEM 15 CUSTODY

SFP does not maintain actual or constructive custody of your funds or securities. We use broker-dealers or other qualified custodians to custody assets. Monthly statements and trade confirmations are provided, in writing or electronically, to you directly from the custodial broker. You should carefully review these statements.

## ITEM 16 INVESTMENT DISCRETION

Clients hire SFP to provide discretionary investment management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell
- determine the amount of the security to buy or sell

Clients give us discretionary investment authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## ITEM 17 VOTING CLIENT SECURITIES

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## ITEM 18 FINANCIAL INFORMATION

Under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. Though we do not foresee any financial condition that would impair our ability to meet our contractual commitments to you, there is a risk that your assets may not be managed properly on a continuous basis if SFP becomes insolvent, ceases to do business, or endures other drastic financial situations.

## ITEM 19 REQUIREMENTS FOR STATE REGISTERED ADVISERS

### Principal Executive Officers

<u>Grant F. Carroll</u>	President, Chief Compliance Officer (CCO), Investment Advisor Representative (IAR)
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Year of Birth: 1972  
Education: Central Washington University, B.A. Video Communication Studies,  
1995

Business Background: 2009 – Present, SFP, President, CCO, IAR  
2004 – Present, LPL Financial, LLC (LPL), Registered  
Principal & Registered Representative  
2004 – 2009, LPL, IAR

Richard L. Williams, Jr. Vice President (VP), Investment Advisor Representative  
(IAR)

Year of Birth: 1963  
Education: Indiana State University, B.S. Business Management, 1984

Business Background: 2009 – Present, SFP, VP, IAR  
2004 – Present, LPL Financial, LLC (LPL), Registered  
Principal & Registered Representative  
2004 – 2009, LPL, IAR

SFP is not engaged in any other business activities. See Item 4 above.

SFP and its supervised persons are not compensated by performance-based fees. See  
Item 5 & 6 above.

SFP or its management persons have no disciplinary actions. See Item 9 above.

SFP or its management persons have no relationships or arrangements with any issuer  
of securities. See Item 10 above.