

**Item 1. Cover Page**

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**ADVISOR WEALTH MANAGEMENT II (AWM II) WRAP PROGRAM  
DISCLOSURE BROCHURE**

March 9, 2012

**This wrap fee program brochure provides information about the qualifications and business practices of Stratos Wealth Partners, Ltd. If you have any questions about the contents of this brochure, please contact us at (440) 519-2500. 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 Stratos Wealth Partners, Ltd also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) .**

**Item 2. Material Changes**

This Brochure is a disclosure document required to be delivered to clients by investment advisors. There are no material changes as this is the first filing of this new Form ADV, Part 2A, Appendix 1, Wrap Fee Program Brochure. In future filings, this section of the Brochure will address only material changes that have taken place since this date.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Director of Operations and Compliance, Barbara J. Dull at 440-519-2500.

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#### **Item 4. Services, Fees and Compensation**

##### **INTRODUCTION**

This Disclosure Statement contains information relating to Stratos Wealth Partners, Ltd ("Stratos") and the nature of its business. This Disclosure Statement is delivered in accordance with Title 17 of the Code of Federal Regulations, Section 275.204-3 of the Investment Advisers Act of 1940. If you are a new or prospective client, this statement has either been delivered to you: a) at least 48 hours in advance of your entering into an investment advisory contract or b) contemporaneously with your entering into such a contract. In either case you have five (5) business days in which to terminate this contract without penalty.

Stratos has relationships with various individuals who maintain securities licenses and are registered representatives with LPL Financial Corporation, a registered broker/dealer, Member FINRA and SIPC. The individuals are independent contractors and may be registered under Stratos as an Investment Advisor Representative (IAR) to offer the wrap program described herein and the advisory services further described in the Form ADV Part 2 and Schedule F. The level of experience of IARs will vary. Additionally, as independent contractors, associated persons and IARs may engage in other business activities, including but not limited to, securities on a commission basis and insurance products and services.

##### **I. ADVISOR WEALTH MANAGEMENT II (AWM II) WRAP PROGRAM**

Stratos offers various types of advisory services and programs. This Brochure provides a description of the advisory services offered under a wrap fee program. Stratos sponsors the Advisor Wealth Management II (AWM II) Wrap Program.

The Advisor Wealth Management II (AWM II) Wrap Program is a wrap program or bundled program which involves the client paying a single fee which includes asset management services and transactional fees. No separate transaction fees will be assessed. Typically, a wrap program will be more expensive for those managed accounts where there is less trading. Conversely, AWM II is more cost effective for clients who engage in frequent transactions.

Depending on the level of the wrap program fee being charged to the client and, the amount of portfolio activity in the client's account, the cost of the AWM II wrap program may be more or less than if the client obtained services separately or paid commissions or paid for execution services. Client is advised that if the AWM II Account is opened with securities previously purchased through Stratos, Stratos and the IAR may have already received commissions on the purchase. Additionally, client is advised that a wrap fee account as compared with a traditional commission based account or a fee based account where client pays transaction charges may be more costly to the client, particularly during periods when trading activity is lower. Therefore, client may find the account results in a higher annual cost than if transactional costs and investment advice were segregated. During periods when trading activity is heavier, such as when the account is first opened, wrap fee accounts may result in lower costs. Additionally, a wrap program may cost a client more or less than if the purchased advisory services separately.

Clients are advised a portion of the wrap fee paid by client may be paid or allocated by Stratos to the client's IAR. Such compensation may be higher or lower than the compensation received should client have selected another advisory program paid for brokerage and advisory services separately. Therefore, the client's IAR may have a financial incentive to recommend the Advisor Wealth Management II wrap program over other programs or services.

Asset management services are offered on a discretionary basis as agreed to between the client and the client's IARs. In discretionary accounts, Stratos will make changes within the client's portfolio as deemed appropriate by Stratos without delay and without contacting the client prior to the transaction. Clients will receive confirmations and statements reflecting all transactions in their account. However, in no circumstances shall Stratos have the discretionary authority to move the account or withdraw funds or securities with the exception of Stratos' advisory fees on a quarterly basis.

Stratos provides asset management services on a continuous and ongoing basis based on the individual needs of the client. The management program through Stratos offers clients flexibility between payment structures and

management styles. Management will be on an active basis. Stratos offers customized individually managed portfolios or management based on model accounts. Stratos will determine and present to client an asset allocation specific to the client based upon a client's individual investment goals, objectives, risk tolerance, and investment time horizon.

Stratos offers clients an option between:

- a) A customized individually managed portfolio managed by the IAR;
- b) **Fidelity Alternative Investment Network® (AIN)**. This program is available only to those who qualify as defined in Rule 501 under Regulation D of the Securities Act of 1933 as an "accredited investor" and such person has been a client of IAR's prior to the offer of this investment option.

Additionally, Stratos serves as Program Sponsor to the following Programs:

- **Fidelity Managed Account Resources® (MAR)** - a managed account program offered through Envestnet Asset Management, Inc. (Envestnet). The MAR Program enables IAR to choose from a selection of advisory programs and money managers. Stratos will deliver to client a copy of the Form ADV Part 2 or a comparable disclosure document for Envestnet and each Money Manager engaged to manage assets under the MAR Program. Please refer to these documents for complete description of the services offered, the program, fees charged and minimum account requirements.
- **Fidelity Separate Account Network® (SAN)** – Clients should be advised that Fidelity also offers a Separate Account Network program ("SAN Program"), a unified platform for managed portfolios. Money Managers in the SAN Program are different than those available via the MAR Program and Stratos IAR is responsible for performing due diligence on such Money Managers and programs as well as negotiating pricing. The SAN Program enables IAR to have the ability to build separately managed account portfolios from a vast network of managers to meet client needs which will be managed by designated SAN Managers on a discretionary basis. The minimum investment required by each individual SAN Manager must be met. Please refer to the SAN Manager's Form ADV Part 2 or comparable disclosure document provided to you by your Stratos IAR.

Some managers under the SAN program may require an additional client advisory agreement with you in addition to the agreement you sign with Stratos. For a complete description of the services offered, the programs, the fees charged and minimum account requirements, please refer to the separate disclosure brochure (such as Part 2A of Form ADV) maintained by the Money Manager as provided by your Financial Advisor.

Clients should carefully review these additional disclosure brochures for important and specific details including, among other things, fees, experience, investment objectives and risk guidelines, and disclosure of the money manager's potential conflicts of interest.

Envestnet is an investment management firm that provides Stratos with a range of advisory services through the programs identified above. Client and IAR together determine which program to engage. Asset management services are offered on a discretionary basis as agreed to between the client and the client's IARs. For discretionary accounts, Stratos will make changes within the client's portfolio as deemed appropriate by Stratos without delay and without contacting the client prior to the transaction. Clients will receive confirmations and statements reflecting all transactions in their account. However, in no circumstances shall Stratos have the discretionary authority to close the account or withdraw funds or securities, with the exception of Stratos' advisory fees on a quarterly basis.

Stratos provides asset management services on an ongoing basis based on the individual needs of the client. The management program through Stratos offers clients flexibility among payment structures, custodians, and management styles. Management will be on an active basis. Thus, Stratos will actively monitor the assets in the account and make changes deemed appropriate in light of the circumstances in the market, based upon the expertise of Stratos Advisors.

Accounts are custodied at Fidelity Brokerage Services LLC and National Financial Services LLC (collectively "Fidelity"), a registered broker/dealer, Member FINRA and SIPC. Stratos will not maintain custody of clients' funds or securities, with the exception of deduction of Stratos' fees from clients' accounts that are authorized in the advisory agreement between clients and Stratos.

Clients' portfolios may consist of stocks, bonds, ETF/ETNs, no-load and/or load mutual funds and cash or cash equivalents, or other securities deemed appropriate and suitable to the client by Stratos.

If the Stratos account is opened containing existing securities previously purchased through Fidelity or the IARs, Fidelity and/or the IAR may have already received commissions on the purchase. Additional commissions will not be charged, however, the fees discussed below will be charged.

If the Stratos account is opened with cash proceeds from the sale of securities sold through Fidelity or the IAR, Fidelity and/or the IAR may already have received commissions on the sale. The fees charged to the account are more fully discussed below.

Clients are advised that transactions in the account, account reallocations and rebalancing may trigger a taxable event for the client, with the exception of transactions in IRA accounts, 403(b) accounts and other qualified retirement accounts. Stratos does not offer tax advice and clients are urged to consult with their tax advisers.

#### **Potential Conflicts of Interest**

Transactions are generally effected through Fidelity as the executing broker-dealer. Stratos receives compensation from Fidelity as a result of a client's participation in one of these programs. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Stratos would receive if the client participated in other programs, whether through Fidelity or another sponsor, or whether the client paid separately for investment advice, brokerage and other services.

#### **Fees and Compensation**

Advisory fees will be charged in advance on a calendar quarterly basis. Fees will be calculated based upon the value of the portfolio on the last business day of the just completed quarterly period. Advisory fees for Accounts opened on a day other than the first day of the calendar quarterly period or closed on a day other than the last business day of the calendar quarterly period will be prorated based on the number of days in the quarter. The initial fee for accounts established during a calendar quarter will be billed to the account in arrears at the beginning the calendar quarter following execution of this Agreement along with the first full calendar quarter's fee paid in advance. Therefore, for accounts established during a calendar quarter, the first fee paid by the client may be a large fee since it will be a combination of the first full calendar quarter fee paid in advance and a prorated fee for the remaining quarter in which the account was established. The initial fee will be calculated based on the value of the account on the last business day of the then current calendar quarter and prorated based on the number of days remaining in the quarter starting with the date the client executed the advisory agreement. (E.g., an account established on July 25, the initial fee will be invoiced to the account sometime within the month of October. The initial fee will be calculated using the value of the account on the last business day of September and will be prorated from the date the advisory agreement was signed to the end of September. Additionally, the fee deducted from the account, based on the example, will include the fee paid in advance for October through December and calculated based on the value of the account on the last business day of September.)

Clients may make additions to the Account or withdrawals from the Account. Additional assets deposited into the Account after it is opened will be charged a pro-rata fee based upon the number of days remaining in the then-current quarterly period. Additionally, partial withdrawals from the account will result in a prorated refund or credit of fees to the account. Fee adjustments for additional deposits to the account and partial withdrawals from the account will be calculated in arrears or in the next quarterly period billing cycle. Fee adjustments will be calculated based on the value at the time of the additional deposit or partial withdrawal. No fee adjustments will be made for Account appreciation or depreciation.

The advisory fees payable upon initial implementation of the account may be paid by the client upon receipt of the invoice from Stratos or collected directly from the account (provided the client has given Stratos written authorization for Stratos to deduct the fees directly from the account). Advisory fees for all subsequent periods may be paid by the client upon receipt of the invoice from Stratos or collected directly from the account. Clients will be provided with a fee invoice that identifies the advisory fee, the value of the Account and how the fee was calculated. Additionally, clients will be provided with an account statement reflecting the deduction of the advisory fee. If the Account does not contain sufficient funds to pay advisory fees, Stratos has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. The client may reimburse the account for advisory fees paid to Stratos, except for ERISA and IRA accounts.

Fees are negotiable and are not based on a share of capital gains/losses upon or capital appreciation/depreciation of the funds or any portion of the funds.

Additionally, depending on the IAR, all of a client's managed accounts may be aggregated together to determine the fee breakpoint. Therefore, clients with multiple managed accounts will be charged a fee considering the account values in total. Clients will pay a flat fee on all assets under management. Alternatively, some IARs may charge a corresponding fee based on each account size. Therefore, clients with multiple accounts may pay a different fee depending on the account size.

Clients participating in the Advisor Wealth Management II wrap program will pay a single fee to Stratos. The client will not pay any other transaction fees with the exception of account maintenance fees. The wrap fee paid by the client will be inclusive of Stratos' management fee and Stratos will allocate a portion of the fee to the broker/dealer for transaction charges incurred in the account. Additionally, a portion of the wrap fee retained by Stratos will be allocated to the client's IAR(s). Typically, a wrap program is more expensive than other managed programs since the fee paid by the client includes the management fee and is marked up for consideration of transaction costs an investment Stratos may incur. Further, a wrap program may be more beneficial to a client where there is active trading and where securities transactions will be executed where transaction fees will be assessed.

#### AWM II, AIN, MAR and SAN Fees

| Account Size               | Maximum Annual Fee |
|----------------------------|--------------------|
| \$0 to \$1,000,000         | 3.00%              |
| \$1,000,001 to \$2,000,000 | 2.75%              |
| \$2,000,001 to \$3,000,000 | 2.50%              |
| Over \$3,000,000           | 2.25%              |

Client will not be charged transaction charges. However, mutual fund expenses and charges as disclosed below will apply.

#### Applicable to Fidelity Alternative Investment Network

Accounts with Alternative Investments will be charged a \$50 annual custodial fee per position subject to a maximum of \$150.00 per account per year. There is a \$100 charge per transaction if it is a transaction based fund, and there is a \$25 transfer/re-registration fee.

#### Applicable to Fidelity Managed Account Resources and Fidelity Separate Account Network

In addition to the investment advisory fee, clients may pay fees for custodial services, account maintenance fees, and other fees associated with maintaining the Account. Stratos does not share in any portion of such fees. Additionally, clients may pay their proportionate share of the fund's management and administrative fees and sales charges, as well as the mutual fund adviser's fee of any mutual fund they purchase. Such fees are not shared with Stratos and are compensation to the fund-manager. Clients should read the mutual fund prospectus prior to investing.

Clients will authorize Advisor to agree to such additional advisory or other related fees ("Additional Fees") in connection with the selection and appointment of additional Advisors as it may reasonably determine provided that (i) clients under similar circumstances, regardless of where such client relationships originated and (ii) Advisor receives no portion of such Additional Fees under any circumstances.

Clients will be responsible for any fees and charges incurred by client from third parties as a result of maintaining the Account, such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, clients may terminate investment advisory services upon Stratos' receipt of clients' written notice to terminate. Should a client terminate investment advisory services during a quarterly period, the client will be issued a pro-rata refund of the advisory fee for the quarterly period from the date of termination to the end of the quarterly period.

Certain mutual fund shares may be required to be held for a minimum time period, generally 90-days to six months. In the event that such shares are redeemed prior to the end of the minimum holding period, they may be subject to a redemption fee. The fee may be assessed by the broker/dealer through whom the transactions are executed or directly by the mutual fund sponsors as described in their prospectuses. Such fees are not shared with Stratos and are compensation to the broker/dealer or mutual fund sponsor. Again, clients should read the mutual fund prospectus prior to investing.

Certain mutual funds utilized in managed accounts may pay ongoing trail compensation pursuant to a 12b-1 distribution plan or other such plans, as described in the fund's prospectus. Such compensation will be paid to Fidelity Brokerage Services LLC and National Financial Services LLC ("Fidelity"). Fidelity will send any 12-1 fees to LPL Financial who will not pass any portion of such compensation on to IARs for those accounts participating in a managed program. In addition, for investments exceeding \$1 million into a fund family, Fidelity and/or IARs may receive payments as described in the fund's prospectus usually ranging from .25 – 1.00%. In the event clients elect to redeem shares out of the mutual fund family within twelve to twenty-four months, depending upon the fund, the client may incur a contingent deferred sales charge.

The AWM II Account fees are generally deducted directly from clients' accounts provided client has authorized Stratos to deduct the fees. Clients will be provided with an account statement reflecting the deduction of advisory fees. If the account does not contain sufficient funds to pay fees, the client's IAR has limited authority to sell or redeem securities in sufficient amounts to pay fees. Clients who have not authorized the deduction of fees from client's account will be requested to submit a check in the amount of the fees due.

Clients may terminate investment advisory services obtained from Stratos, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with Stratos. Client will be responsible for any fees and charges incurred by client from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, client may terminate investment advisory services upon Stratos' receipt of client's written notice to terminate. Should client terminate investment advisory services during a quarterly period, client will be issued pro-rata refund of the advisory fee for the quarterly period from the date of termination to the end of the quarterly period.

Advice offered by IARs may involve investment in mutual funds. Mutual funds may carry loads (i.e. sales charges) that may be up-front or on a contingent deferred basis, or can be no-loads with no initial or contingent deferred sales charges. Clients are advised that IARs are registered representatives of LPL Financial Corporation, a registered broker/dealer, member of the Financial Industry Regulatory Authority ("FINRA") and SIPC. Therefore, IARs have a conflict of interest in recommending mutual funds that carry a load since such mutual funds will pay IARs a commission should the purchase be made through IARs.

A conflict of interest may exist between the interests of Stratos and/or its IARs and the interests of the client in that Stratos and IARs offer financial planning and investment advisory services for a fee and also offer various securities products for which they may be paid a commission. The securities products available through Stratos may be limited to certain products that have been reviewed and made available for offering through the broker/dealer with which IARs may be registered representatives.

Lower fees for comparable services may be available from other sources. Material conflicts of interest disclosed

to the client in writing via the Form ADV, Part 2 could cause Stratos or its IARs to not render unbiased and objective advice.

Clients are advised that the investment recommendations and advice offered by Stratos are not legal recommendations or advice, nor does it constitute accounting advice. Clients should coordinate and discuss the impact of financial advice with their attorney and/or accountant. Clients are advised that it is necessary to inform Stratos promptly with respect to any changes in the client's financial situation and investment goals and objectives. Failure to notify Stratos of any such changes could result in investment recommendations being made that are based upon inaccurate information, thus will not meet the needs of the client.

The level of experience of IARs will vary. Additionally, the fees charged by various IARs will not exceed the fee schedule disclosed herein but may vary. Therefore, clients receiving similar services may pay higher or lower fees than another client depending on their IAR. A higher fee is not necessarily commensurate with the experience of the IAR.

#### **Item 5. Account Requirements and Types of Clients**

We provide our services to a number of Clients:

- Individuals
- Trusts, estates and charitable organizations
- Private equity (Consulting only)
- Corporations or other business entities
- Governmental plans, municipalities
- Not for profit entities
- Institutions
- Retirement Plans

While AWM II does not have any requirements for minimum account sizes, as discussed above, the Fidelity Managed Accounts may have a minimum required account value as determined by the underlying money manager(s). Please consult your IAR and the Part 2A Appendix 1 of the Form ADV or equivalent wrap fee brochure provided for the money manager selected.

#### **Item 6. Portfolio Manager Selection and Evaluation**

Stratos through its IARs is responsible for the investment advice and management offered to clients, and the client selects the IAR who manages the account. Stratos generally requires that individuals involved in determining or giving investment advice have at least two years financial planning, advisory or brokerage-related experience.

#### ***Potential Conflicts of Interest***

Transactions in advisory program accounts conducted through Envestnet and Fidelity are generally effected through Fidelity Brokerage Services, LLC and National Financial Services, LLC (collectively "Fidelity") as the executing broker-dealer. Stratos receives compensation from Fidelity as a result of a client's participation in a Fidelity program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Stratos would receive if the client participated in other programs, whether through Fidelity or another sponsor, or whether the client paid separately for investment advice, brokerage and other services.

Stratos has in place a Code of Ethics that provides for Stratos and its Advisor Representatives to exercise its fiduciary duty to clients to act in the best interest of the client and always place the client's interests first and foremost. Stratos takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as Stratos' policies and procedures.



## STRATOS WEALTH PARTNERS PORTFOLIO MANAGEMENT SERVICES

Stratos offers management options as further outlined below.

**Advisor Wealth Management II (AWM II)** a bundled or wrap program involves the client paying a single fee which will include asset management services and transactional fees. No separate transaction fees will be assessed. Clients should thoroughly read the disclosures under each program. Typically, AWM II will be more expensive for those managed accounts where there is less trading. Conversely, AWM II is more cost effective for clients who engage in frequent transactions.

Stratos offers clients an asset management program. Asset management services are offered on a discretionary basis as agreed to between the client and the client's IARs. For discretionary accounts, Stratos will make changes within the client's portfolio as deemed appropriate by Stratos without delay and without contacting the client prior to the transaction. Clients will receive confirmations and statements reflecting all transactions in their account. However, in no circumstances shall Stratos have the discretionary authority to close the account or withdraw funds or securities, with the exception of Stratos' advisory fees on a quarterly basis.

Stratos provides asset management services on an ongoing basis based on the individual needs of the client. The management program through Stratos offers clients flexibility among payment structures, custodians, and management styles. Management will be on an active basis. Thus, Stratos will actively monitor the assets in the account and make changes deemed appropriate in light of the circumstances in the market, based upon the expertise of Stratos Advisors. As stated above, Stratos offers clients an option between:

**Advisor Wealth Management II (AWM II).** This is a "wrap program" structure or bundled program (i.e. clients pay a fee that is inclusive of management fees and covers transaction charges, thus, clients do not pay additional for transaction charges).

Stratos also offers clients an option between:

a) A customized individually managed portfolio managed by the IAR;

b) **Fidelity Alternative Investment Network® (AIN).** This program is available only to those who qualify as defined in Rule 501 under Regulation D of the Securities Act of 1933 as an "accredited investor" and such person has been a client of IAR's prior to the offer of this investment option.

Additionally, Stratos offers the following Programs:

- **Fidelity Managed Account Resources® (MAR)** - a managed account program offered through Envestnet Asset Management, Inc. (Envestnet). The MAR Program enables IAR to choose from a selection of advisory programs and money managers. Stratos will deliver to client a copy of the Form ADV Part 2 or a comparable disclosure document for Envestnet and each Money Manager engaged to manage assets under the MAR Program. Please refer to these documents for complete description of the services offered, the program, fees charged and minimum account requirements.
- **Fidelity Separate Account Network® (SAN)** – Clients should be advised that Fidelity also offers a Separate Account Network program ("SAN Program"), a unified platform for managed portfolios. Money Managers in the SAN Program are different than those available via the MAR Program and Stratos IAR is responsible for performing due diligence on such Money Managers and programs as well as negotiating pricing. The SAN Program enables IAR to have the ability to build separately managed account portfolios from a vast network of managers to meet client needs which will be managed by designated SAN Managers on a discretionary basis. The minimum investment required by each individual SAN Manager must be met. Please refer to the SAN Manager's Form ADV Part 2 or comparable disclosure document provided to you by your Stratos IAR.

Some managers under the SAN program may require an additional client advisory agreement with you in addition to the agreement you sign with Stratos. For a complete description of the services offered, the programs, the fees charged and minimum account requirements, please refer to the separate disclosure brochure (such as Part 2A of Form ADV) maintained by the Money Manager as provided by your Financial Advisor.

Accounts are custodied at Fidelity Brokerage Services LLC and National Financial Services LLC (collectively "Fidelity"), Member FINRA and SIPC.

Stratos will not maintain custody of clients' funds or securities, with the exception of deduction of Stratos' fees from clients' accounts that are authorized in the advisory agreement between clients and Stratos. Clients' portfolios may consist of stocks, bonds, no-load and/or load mutual funds and cash or cash equivalents, or other securities deemed appropriate and suitable to the client by Stratos.

If the Stratos account is opened containing existing securities previously purchased through Fidelity or the IARs, Fidelity and/or the IAR may have already received commissions on the purchase. Additional commissions will not be charged, however, the fees discussed below will be charged.

If the Stratos account is opened with cash proceeds from the sale of securities sold through Fidelity or the IAR, Fidelity and/or the IAR may already have received commissions on the sale. The fees charged to the account are more fully discussed below.

Clients are advised that transactions in the account, account reallocations and rebalancing may trigger a taxable event for the client, with the exception of transactions in IRA accounts, 403(b) accounts and other qualified retirement accounts. Stratos does not offer tax advice and clients are urged to consult with their tax advisers.

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

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance based fees). Our advisory fee compensation is charged only as disclosed above. We do not engage in Side-By-Side Management.

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

Affiliated and unaffiliated service providers may develop asset allocation models. The Stratos IAR may also develop asset allocation models or use others from outside independent sources. Each IAR develops his or her own methods of analysis, sources of information, and investment strategies. As such, recommendations by IARs and individual investment portfolios will differ.

Tools available to IARs through Envestnet and other third party providers may also be used to analyze client portfolios and generate proposals to allow the IAR to help select appropriate programs and products for a client.

A variety of methods and strategies may be utilized when formulating investment advice and managing client assets. Methods of analysis may include, but are not limited to:

- Charting;
- Fundamental Analysis and
- Technical Analysis

Clients' portfolios may consist of stocks, bonds, ETF/ETNs, no-load and/or load mutual funds and cash or cash equivalents, or other securities deemed appropriate and suitable to the client by Stratos.

Clients are advised that transactions in the account, account reallocations and rebalancing may trigger a taxable event for the client, with the exception of transactions in IRA accounts, 403(b) accounts and other qualified retirement accounts. Stratos does not offer tax advice and clients are urged to consult with their tax advisers.

### Risk of Loss:

Securities markets fluctuate substantially over time. All investments in securities include a risk of loss of money invested (principal) and any unrealized profits (i.e., profits in the account that have not been liquidated, sometimes called "paper profits"). In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets Stratos manages that may be out of our control. We cannot guarantee any level of performance or that you will not experience a loss of your account assets.

Stratos does not represent, warrant or imply that the services or methods of analysis used by Stratos can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to major market corrections or crashes. No guarantees can be offered that client's goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by Stratos will provide a better return than other investment strategies.

Varied fluctuations in the price of investments are a normal characteristic of securities markets due to a variety of influences. Managed account programs should be considered a long-term investment and thus long-term performance and performance consistency are the major goals.

No guarantees can be offered that client's goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by Stratos will provide a better return than other investment strategies.

### **Types of Investments and Risks**

Stratos and IARs can recommend many different types of securities, including mutual funds, unit investment trusts ("UITs"), closed end funds, ETF/ETNs, variable annuity subaccounts, equities, fixed income securities, options, hedge funds, managed futures, and structured products. Investing in securities involves the risk of loss that clients should be prepared to bear. Described below are some particular risks associated with some types of investments available in the program.

- **Alternative Strategy Mutual Funds.** Certain mutual funds invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry.

- **Closed-End Funds.** Client should be aware that closed-end funds are not readily marketable. In an effort to provide investor liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.

- **Exchange-Traded Funds (ETFs).** ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company.

- **Exchange-Traded Notes (ETNs).** An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on

an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks.

- **Leveraged and Inverse ETFs, ETNs and Mutual Funds.** Leveraged ETFs, ETNs and mutual funds, sometimes labeled "ultra" or "2x" for example, are designed to provide a multiple of the underlying index's return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions are magnified over time. Because of these distortions, these products should be actively monitored, as frequently as daily, and are generally not appropriate as an intermediate or long-term holding. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.

- **Options.** Certain types of option trading are permitted in order to generate income or hedge a security held in the program account; namely, the selling (writing) of covered call options or the purchasing of put options on a security held in the program account. Client should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away and the program account will no longer hold the security. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not exercised or otherwise sold by the program account.

- **Structured Products.** Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.

- **High-Yield Debt.** High-yield debt is issued by companies or municipalities that do not qualify for "investment grade" ratings by one or more rating agencies. The below investment grade designation is based on the rating agency's opinion of an issuer that it has a greater risk to repay both principal and interest and a greater risk of default than those issuers rated investment grade. High yield debt carries greater risk than investment grade debt. There is the risk that the potential deterioration of an issuer's financial health and subsequent downgrade in its rating will result in a decline in market value or default. Because of the potential inability of an issuer to make interest and principal payments, an investor may receive back less than originally invested. There is also

the risk that the bond's market value will decline as interest rates rise and that an investor will not be able to liquidate a bond before maturity.

- **Hedge Funds and Managed Futures.** Hedge and managed futures funds may be purchased by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.

- **Variable Annuities.** If client purchases a variable annuity that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.

#### **Voting Client Securities**

Clients are advised that Stratos does not vote proxies on clients' behalf or take responsibility in any way to ensure client's securities are voted. Clients retain the responsibility for voting their own proxies.

#### **Item 7. Client Information Provided to Portfolio Managers**

Stratos does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. Stratos may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers. Stratos restricts internal access to nonpublic personal information about the Client to those associated persons of the Firm who need access to that information in order to provide services to the Client.

Stratos will update this Wrap Fee Brochure when there are any material changes in this program or the services provided, but in any event Stratos will review this brochure no less frequently than annually, and make any necessary changes at that time.

#### **Item 8. Client Contact with Portfolio Managers**

There are no restrictions on a client's ability to contact their IAR. IARs will also be able to coordinate a conference call between applicable Managers and the Client. Clients are advised that inquiries should be directed to their IAR.

#### **Item 9. Additional Information**

##### **Disciplinary Information**

We do not have any legal or other disciplinary item to report. Stratos is obligated to disclose any disciplinary event that would be material to clients, or potential clients, when evaluating Stratos to initiate a Client / Adviser relationship, or to continue a Client /Adviser relationship with us.

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

Most Stratos IARs are also Registered Representatives of LPL Financial Corporation ("LPL"), a registered Broker/Dealer, member FINRA and SIPC. Clients are under no obligation to purchase or sell securities through IARs. However, if a client chooses to implement the recommendations, commissions may be earned by IARs in addition to any fees paid for advisory services. Commissions may be higher or lower at LPL than at other broker/dealers. IARs may have a conflict of interest in having clients purchase securities and/or insurance related products through LPL in that the higher their production with LPL the greater potential for obtaining a

higher pay-out on commissions earned. Further, IARs may be restricted to only offering those products and services that have been reviewed and approved for offering to the public through LPL. They spend approximately 20% of their time offering securities products on a commission basis. However, the amount of time spent by each IAR will vary. Some IARs may spend significantly more or less time offering commissionable products and services through LPL.

Certain Stratos IARs are also dually registered as IARs of LPL Financial's Registered Investment Advisor for the sole purpose of offering Retirement Plan Consulting Program services.

Stratos Wealth Partners, Ltd. is also an insurance agency and offers insurance products and services for which commissions will be paid. IARs and other related persons of Stratos may be licensed with Stratos and/or various insurance companies. Stratos, its IARs and related persons have a conflict of interest to recommend clients purchase insurance products since commissions may be earned in addition to fees for advisory services. Clients are not obligated to purchase insurance products through Stratos or its IARs. IARs spend approximately 5% of their time offering insurance products. However, the amount of time spent by each IAR will vary. Some IARs may spend significantly more or less time offering insurance products and services. The principal business of Stratos is not to offer insurance products and services. Less than 10% of Stratos' resources are dedicated to insurance business.

Certain IARs may be certified public accountants (CPAs) and offer accounting services through their accounting practice. Stratos does not endorse or recommend the services of the IARs in their capacity as CPAs. Further, none of the services offered by Stratos are to be considered legal or accounting services. Clients are under no obligation to participate in accounting services offered by IARs who may be CPAs.

As stated previously, IARs are generally independent contractors. As such, the IARs have a direct incentive in the advisory fees being charged since a portion of the advisory fee collected by Stratos will be paid to the IAR for compensation for advisory services. Further, clients are advised that the amount paid by Stratos to the IAR will be based on the production of the IAR. Therefore, the higher sales the IAR produces the more compensation the IAR will receive. Consequently, since production is a basis for determining the IAR's payout, and since a portion of the advisory fees will be retained by Stratos, there is a conflict of interest for the IAR to potentially charge a higher fee.

Stratos may offer clients the option to utilize the management services of one or multiple third party managers. Stratos will assist clients with evaluating their financial situation and present to the clients one or more third party managers and assist the client with selecting a third party manager's service. Additionally, on an ongoing basis Stratos will be available to answer questions clients may have regarding their managed account and act as the communication conduit between the client and the manager. Stratos will periodically meet with the client to evaluate the client's account and third party manager. Stratos offers clients access to various third party managers including, but not limited to, Brinker Capital, SEI Investment Management, Symmetry Partners, Curian Capital, BTS Asset Management, Potomac Asset Management, and Mt. Yale Capital.

In addition, if the investment program recommended to a client is a wrap fee program the client will also receive Part 2A Appendix 1 of the Form ADV or equivalent wrap fee brochure provided by the sponsor of the program. Stratos will provide to each client all appropriate disclosure statements, including disclosure of solicitation fees to Stratos and its advisory associates. Clients will be charged an advisory fee by the third party manager (selected by the client).

Clients are advised that fees for such programs may be higher or lower than if the client directly obtained the services of the third party manager, or if the client obtained advisory services separately. Clients should read the third party manager's disclosure brochure for additional disclosure of its managed program.

For accounts that utilize a third party manager, client will establish a third party manager custody account at a qualified custodian. Stratos will not directly conduct any securities transactions on behalf of the client or participate directly in the selection of the securities to be purchased or sold for the client. Investment decisions are made by the third party manager in accordance with the agreement between client and manager.

Clients may pay transaction fees, account maintenance fees and other fees and expenses associated with maintaining the account. Fees will be charged by and collected by the third party manager and the third party

manager will allocate Stratos' portion of the fee. Therefore, clients must refer to the third party manager's disclosure brochure for payment terms and conditions.

### ***Potential Conflicts of Interest***

Transactions in Fidelity advisory program accounts are generally effected through Fidelity Brokerage Services, LLC and National Financial Services, LLC (collectively "Fidelity") as the executing broker-dealer. Stratos receives compensation from Fidelity as a result of a client's participation in a Fidelity program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Stratos would receive if the client participated in other programs, whether through Fidelity or another sponsor, or whether the client paid separately for investment advice, brokerage and other services.

As discussed below, Stratos has in place a Code of Ethics that provides for Stratos and its Advisor Representatives to exercise its fiduciary duty to clients to act in the best interest of the client and always place the client's interests first and foremost. Stratos takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as Stratos' policies and procedures.

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

#### **Code of Ethics**

Stratos has a fiduciary duty to clients to act in the best interest of the client and always place the client's interests first and foremost. Stratos takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as Stratos' policies and procedures. Further, Stratos strives to handle clients' non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides clients with Stratos' Privacy Policy. As such, Stratos maintains a Code of Ethics for its IARs, supervised persons and staff.

The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about client transactions. Further, Stratos' Code of Ethics establishes Stratos' expectation for business conduct.

Stratos' Code of Ethics is distributed to each employee and Advisor at the time of hire/contract, and, as the Code is modified. In addition, Stratos requires an annual certification by all employees/Advisors regarding their understanding and compliance with the Code of Ethics. Stratos also supplement the Code with annual training and on-going monitoring of employee activity.

A copy of our Code of Ethics will be provided to any client or prospective client upon request. You may contact our Director of Operations and Compliance, Barbara J. Dull at 440-519-2500.

#### **Participation or Interest in Client Transactions**

IARs are registered representatives with LPL and must execute securities transactions through LPL, unless IARs obtain authorization to execute securities transactions through another broker/dealer.

Related persons of Stratos (any advisory affiliate and any person that is under common control with Stratos) may buy or sell securities identical to those securities recommended to clients. Therefore, related persons may have an interest or position in certain securities that are also recommended and bought or sold to clients. Related persons will not put their interests before a client's interest. IARs may not trade ahead of their clients or trade in such a way to obtain a better price for themselves than for their clients. Stratos is required to maintain a list of all securities holdings for its associated persons. Further, associated persons are prohibited from trading on non-public information or sharing such information. Clients have the right to decline any investment recommendation. Stratos and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

Stratos has established the following restrictions in order to meet its fiduciary responsibilities:

- 1) IARs shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her affiliation with Stratos, unless the information is also available to the investing public upon a reasonable inquiry. No person shall prefer his or her own interest to that of the advisory client.
- 2) All clients are fully informed that certain individuals may receive separate compensation when effecting transactions during the implementation process.
- 3) Stratos emphasizes the unrestricted right of the client to decline to implement any advice rendered, except in situations where a third party advisory services is granted discretionary authority in the client's account.
- 4) Stratos requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- 5) Any individual not in observance of the above may be subject to termination.

**NOTE:**

- (1) This investment policy has been established recognizing that some securities being considered for purchase and sale on behalf of Stratos' clients trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above.
- (2) Open-end mutual funds and/or the investment sub-accounts which may comprise a variable life insurance product are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds and/or variable insurance products by IARs are not likely to have an impact on the prices of the fund shares in which clients invest, and are therefore not prohibited by the Stratos' investment policies and procedures.

In accordance with Section 204A of the Investment Advisers Act of 1940, Stratos also maintains and enforces written policies and procedures reasonably designed to prevent the misuse of non-public information by Stratos or any person associated with Stratos.

**Review of Accounts**

Stratos maintains a compliance program designed to conduct periodic reviews of client accounts. IARs are required to meet and document reviews with clients on at least an annual basis. Such meetings may include review of accounts statements, quarterly performance reports, and other information or data related to the client's account and investment objectives. Clients may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, IARs will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which client assets are invested, and market shifts and corrections. Clients are advised that they should notify their IAR promptly of any changes to the client's financial goals, objectives or financial situation as such changes may require the IAR to review the client's portfolio and make recommendations for changes. LPL will conduct risk reviews on accounts at Fidelity.

Fidelity, as the custodian, provides clients with regular written reports regarding their accounts. Fidelity provides detailed quarterly performance reports describing account performance and positions. LPL also provides an additional year-end report for accounts not established on a calendar quarter basis. In addition, Fidelity sends to clients trade confirmations and account statements showing transactions, positions, and deposits and withdrawals of principal and income. Fidelity does not send trade confirmations for systematic purchases, systematic redemptions and systematic exchanges. Stratos provides detailed quarterly performance reports describing account performance and positions.

Some managed accounts either send confirmations for each securities transaction in the client's account direct from the account custodian as they occur and others bundle them to be sent with the periodic statement mailing.

**Client Referrals and Other Compensation**



Stratos has no arrangements where someone who is not a client provides an economic benefit to Stratos for providing investment advice or advisory services to Stratos' clients.

### **Client Referrals**

Stratos may enter into arrangements with individuals or firms ("Solicitor") whereby the Solicitor will refer clients to Stratos which clients may be a candidate for the investment advisory services offered by Stratos. In return, Stratos will agree to compensate the Solicitor for the referral. Compensation to the Solicitor is dependent on the client entering into an advisory agreement with Stratos for advisory services. Compensation to Solicitor will be an agreed upon percentage of Stratos' advisory fee. Stratos' referral program is in compliance with the federal regulations as set out in 17 CFR Section 275.206(4)-3. The solicitation/referral fee is paid pursuant to a written agreement retained by both the investment adviser and the Solicitor. The Solicitor will be required to provide the client with a copy of Stratos' Form ADV Part 2 and a Solicitor Disclosure Brochure prior to or at the time of entering into any investment advisory contract with Stratos. Solicitor is not permitted to offer clients any investment advice on behalf of Stratos. Clients' advisory fee will not be increased as a result of compensation being shared with Solicitor.

Stratos and its IARs may offer advisory services on the premises of unaffiliated financial institutions, like banks. Stratos has entered into agreements with the financial institutions pursuant to which Stratos shares compensation, including a portion of the advisory fee, with the financial institution for the use of the financial institution's facilities and for client referrals.

### **Other Compensation**

The IAR, Stratos and Stratos employees may receive additional non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Advisory product sponsors may also pay for education or training events that may be attended by Stratos employees and IARs.

The IAR may recommend a Third Party Asset Management Program (TAMP) program to the client and receive compensation as a result of the client's participation in the program. This compensation includes a portion of the advisory fee and also may include other compensation, such as bonuses, awards or other things of value offered by the TAMP to the IAR. For example, a TAMP may pay additional marketing payments to Stratos, its employees and/or IARs to cover fees to attend conferences or reimbursement of expenses for workshops, seminars presented to IARs clients or advertising, marketing or practice management. The amount of this compensation may be more or less than what the IAR would receive if the client participated in LPL advisory programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, the IAR may have a financial incentive to recommend a TAMP program account over other programs and services.

Stratos has entered into referral agreements with independent third party investment advisors, pursuant to which Stratos and IARs receive referral fees from the third party investment advisors in return for referral of clients. Stratos refers clients to such firms as Brinker Capital, BTS Asset Management, Curian Capital, Potomac Fund, and Symmetry Partners. Because Stratos is engaged by and paid by the third party investment advisor for the referral, any recommendation regarding a third party investment advisor as part of a referral presents a conflict of interest. Stratos addresses this conflict by providing the client with a disclosure statement explaining the role of Stratos and IAR and the referral fee received by Stratos and IAR. For more information regarding these arrangements, refer to Item 4.

In some cases, the third party investment advisers pay additional marketing payments to Stratos, its employees and/or IARs to cover fees to attend conferences or reimbursement of expenses for workshops, seminars presented to IAR's clients or advertising, marketing or practice management.

Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from client assets. Any 12b-1 fees paid on mutual funds

purchased in a Stratos Wealth Partners managed account are not passed to IARs and will be paid to and retained by LPL.

IARs may receive benefits (such as assistance with conferences and educational meetings) by product sponsors assisting with the costs of such events.

LPL makes available to Stratos other products and services that benefit Stratos but may not benefit its clients' accounts. Some of these other products and services assist Stratos in managing and administering clients' accounts. These include software and other technology that provide access to client account data, such as trade confirmation 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 Stratos' fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Stratos' accounts, including those accounts not maintained at LPL. LPL may also make available to Stratos other services intended to help Stratos 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 addition, LPL may make available, arrange and/or pay for these types of services rendered to Stratos by independent third parties. LPL 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 Stratos.

#### **Financial Information**

Stratos does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

As noted above, Stratos has full discretionary authority over the trading in certain clients' accounts. Since Stratos does not have custody of client funds or securities, should Stratos encounter a financial condition that would impair Stratos' ability to meet its commitments under contracts with clients, such financial condition will not have a negative impact on client accounts.

#### **Item 10. Requirements for State Registered Advisers (Not Applicable)**

## **STRATOS WEALTH PARTNERS, LTD., PRIVACY NOTICE**

Stratos Wealth Partners, Ltd., values our customers and makes it a top priority to safeguard the confidential information of our customers. We are committed to protecting your privacy and maintaining your trust and confidence.

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Stratos Wealth Partners, Ltd., collects information about you to assist us in providing services and products to help you meet your financial goals and objectives and provide high standards of customer service. Additionally, information is obtained from you in order to help us fulfill our legal and regulatory requirements. Information collected may vary depending on the products and services requested and the scope of your engagement with us.

### **Information Collected About You**

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Stratos Wealth Partners, Ltd., collects nonpublic personal information about you from the following sources:

- ◆ Information provided on applications and related forms, such as name, address, telephone number, Social Security or Tax Identification number, birth date, net worth, annual income, information about your personal finances, financial information such as bank accounts, and medical information if insurance services are provided.
- ◆ Information about your transactions with us, such as account balances, payment history, account numbers, and account activity.
- ◆ Information from your employer, association, or benefit plan sponsor regarding any group products we may provide or assist in reviewing on your behalf.
- ◆ Information from consumer reporting agencies, such as credit bureau reports and other information relating to your creditworthiness. Additionally, information may be obtained such as demographics depending on the products and services you are requesting from us.

We do not disclose information to nonaffiliated third parties about our current or former customers, except as permitted by law. However, should for any reason our policy change, we will notify you by providing you with an amended Privacy Notice prior to making disclosure of your nonpublic information to nonaffiliated third parties that are not permitted under law.

### **Policies and Practices to Protect Your Personal Information**

We train our staff to take caution in handling personal information. We restrict access to nonpublic information about you to staff that need to know such information, who assist in providing products and services to you, or who assist in the administration of the office, in order to maintain confidentiality of your information. Further, we limit staff access to information to only those who have a business or professional reason for knowing such information. Limited access is given to nonaffiliated third parties, as permitted by law, in order to execute securities transactions on your behalf, or in order to provide account maintenance or customer service on your accounts.

If you close your account, cease services with us, or become an inactive customer, we will continue to adhere to the privacy policy disclosed herein, unless we notify you by providing an amended Privacy Notice.

### **Disclosure of Personal Information**

We may disclose personal information obtained from you to financial service providers that service or provide support to your accounts, as permitted under law, such as:

- ◆ Securities broker/dealers.
- ◆ Other investment advisers.
- ◆ Insurance agents and insurance companies.
- ◆ Investment companies.

- ◆ Third-party administrators and vendors hired to effect, administer or enforce transactions or services in your accounts.
- ◆ Consumer reporting agencies in connection with your application or renewal of insurance coverage.

We will not share information about you with nonaffiliated third parties, unless we have provided you with an updated Privacy Notice and provided you with an opportunity to approve or disapprove of the sharing of your information.

Additionally, we may be required by law or regulation to disclose information to third parties such as in response to a subpoena, to prevent fraud, to comply with rules and regulations to which we are subject, in response to inquiries from industry regulators, and in order to comply with our broker/dealer's policies with whom our associated persons may be registered.

We will affirm our Privacy Policy annually in writing, provided you maintain an ongoing relationship with us.