

# Direct Asset Management Services Brochure

Part 2A Appendix I of Form ADV

## Strategic Wealth Advisors Group, Inc.

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*This wrap fee program brochure provides information about Strategic Wealth Advisors Group and the Direct Asset Management Program that should be considered before becoming a client of the direct Asset Management Program. If you have any questions about the contents of this brochure, please contact us at 1-800-736-9616. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Strategic Wealth Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

April 5, 2013

## **ITEM 2: MATERIAL CHANGES TO THE DIRECT ASSET MANAGEMENT SERVICES BROCHURE**

The “Material Changes” section of the above noted brochure will be updated as changes occur during the year but no less than annually. You may also request this brochure at any time during the year by contacting your financial advisor at their office or the Chief Compliance Officer at (800) 736-9616.

This brochure has been updated. Below is a summary of the changes that were made since March 2012:

- The Firm’s assets under management are noted in the Introduction section.
- New Spring Financial Planning is no longer associated with the firm.
- In Item 5: Account Requirements and Types of Clients section, we have added ERISA disclosures
- In Item 9: Additional Information section, under the Other Financial Industry and Affiliations sub-heading, we have updated with whom we share information.
- In Item 9: Additional Information section, we have expanded the Other Compensation sub-heading describing other forms of compensation advisors might receive.

### ***Privacy Statement:***

We have updated the Types of Nonpublic Personal Information We Collect section.

### ***Full Brochure Available***

Upon request a complete copy of our Firm Brochure is available. Please contact your investment advisor representative for a copy or you can contact the Chief Compliance Officer at 1-800-736-9616.

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## **INTRODUCTION**

Strategic Wealth Advisors Group, Inc. (“SWAG”) is a registered Investment Adviser with the Securities and Exchange Commission (“SEC”) offering investment advisory products and services to a variety of clients. Such services are offered through Investment Adviser Representatives (“IAR(s)”) of SWAG doing business under the following names: Strategic Wealth Advisors Group; Lighthouse Strategic Advisors; Mills Wealth Management Group; Viren and Associates; Dynamic Capital Management; JBT Financial; Stadjuhar Wealth Strategists; Kubin Financial Services; Equity Development; Rau Financial Strategies; American Financial Advisors; Retirement Wealth Advisors; Dale Q. Rice Investment Management; and Center for Financial Management.

IARs of SWAG may also act as registered representatives (“RR(s)”) and IARs of LPL Financial Corp. (“LPL”). SWAG is not affiliated with LPL. LPL is registered as both a broker-dealer and federal covered investment adviser.

SWAG’s assets under management as of May 31, 2012, were \$ 507,833,867. The assets are broken down as follows: Discretionary: \$423, 467, 900 and Non-Discretionary \$84,365,967.

SWAG receives approximately 95% of its total advisory billings from providing investment advisory and supervisory services. The remainder (5%) of SWAG’s billings is generated through furnishing advice through consultations and financial planning.

## **ITEM 4: DIRECT ASSET MANAGEMENT SERVICES, FEES AND COMPENSATION**

SWAG utilizes the services of various broker-dealers, such as asset allocation planning software, execution, clearing and custodial services, to provide comprehensive investment management of client assets (“Direct Asset Management Services”). The planning software enables SWAG IARs to utilize client risk tolerance assessment, efficient frontier plotting, fund profiling and performance data, as well as portfolio optimization and re-balancing tools.

SWAG offers Direct Asset Management Services to its advisory clients on both a non-discretionary and discretionary basis. SWAG’s IARs act as portfolio managers for these accounts. In a non-discretionary account, the IAR will recommend the purchase or sale of securities for review and approval by their clients. The IARs will only purchase or sell securities which have been approved by clients in advance. Alternatively, clients may maintain an account on a discretionary basis if (1) the IAR of the account has been authorized by SWAG to manage accounts on a discretionary basis and (2) the client has granted discretionary authority to the IAR in the client advisory agreement. The purchase and sale of securities in such accounts do not require advance client approval. SWAG offers both a wrap and an unbundled pricing structure.

SWAG portfolio managers work with their clients to identify their investment goals and objectives, risk tolerance and risk capacity, in order to create an initial portfolio allocation designed to complement the client’s financial situation and personal circumstances. The overall investment portfolio(s) may consist of exchange-traded index funds, mutual funds, stocks, options, bonds, direct participation programs, alternative investments, and/or fee

based variable annuity contracts. The investment strategies utilized and portfolios constructed and managed depend on the individual client's investment objectives and goals as provided to the IAR. Model portfolios, sub-advisers, options, and/or margin may be used as a part of this strategy. However, each client has the opportunity to place reasonable restrictions on the type of investments to be held in the portfolio. The IAR may periodically rebalance the client's account to maintain the strategic and tactical asset allocation. However, no changes are made to the initially agreed-upon asset allocation in nondiscretionary accounts without prior client review and consent.

Clients participating in Direct Asset Management Services may choose from a wrapped or non-wrapped pricing option. Wrap pricing structures allow the client to pay an all-inclusive fee for management, brokerage, clearance, custody and administrative services. As an alternative to the wrap pricing structure, the transaction charges can be unbundled from the advisory and administrative fees.

### **Program Fees**

#### **Wrap Fee Option**

Clients who select the Wrap Fee Option pay a single, all-inclusive fee according to the following schedule:

**Wrap Fee Schedule**

<b>Total Account Value</b>	<b>Maximum Total Account Fee</b>
Up to \$499,999	2.75%
\$500,000 - \$1,999,999	2.50%
\$2,000,000 and above	2.00%

The account fee paid by the client for a Wrap Fee Account includes payment of all brokerage commissions and other trading costs of transactions affected through any of the participating custodians identified in this brochure. However, the fee would not include mark-ups, markdowns, or payment of brokerage commissions from transactions made by a broker-dealer other than those which are participating in the program. Such brokerage commissions, mark-ups or markdowns, and other costs would be charged to the client in addition to the advisory fee. **Fees are subject to negotiation and may differ from the above schedule due to size of total estate, complexity, additional services needed, and time commitment.**

#### **Non-Wrap Fee Option**

Clients who select the Non-Wrap Fee(unbundled) option pay separate transaction charges and/or commissions in addition to the advisory and administrative fees. As a fee-based investment adviser, SWAG generally avoids investment vehicles that charge the client a commission for their sale or purchase. However, if a commission is charged, this cost will be passed on to the client. Most brokers and custodians charge transaction fees to effect trades for a client's account. These fees are levied by the broker or custodian to cover their costs. SWAG does not share or participate in any transaction fees. Transaction fees vary by broker and/or custodian. Please ask your IAR for details on transaction fees and/or commissions specific to your account.

### Non-Wrap Fee Schedule

Total Account Value	Maximum Total Advisory Fee
Up to \$499,999	2.55%
\$500,000 - \$1,999,999	2.30%
\$2,000,000 and above	1.80%

The account fee paid by the client for a Non-Wrap Fee Account does not include payment of all brokerage commissions and other trading costs of transactions affected through any of the participating custodians noted in this brochure. Such brokerage commissions, mark-ups or markdowns, and other costs would be charged to the client in addition to the advisory fee. **Fees are subject to negotiation and may differ from the above schedule due to size of total estate, complexity, additional services needed, and time commitment.**

### General Fee Information

Fees are due and payable in advance and are based upon the market value of the client's account assets as determined by the custodian as of the close of business on the last day of the previous calendar quarter. Fees for the initial quarter are adjusted pro rata based upon the number of calendar days in the calendar quarter that the adviser agreement goes into effect. Fees are negotiable at the sole discretion of SWAG and vary depending upon the complexity of the client situation, scope of the services provided, and experience and expertise of the IAR.

The advisory relationship may be terminated by the client or by third parties to the contract in accordance with the provisions of the advisory agreement. The client receives a pro rata refund of any prepaid advisory fees. Any unpaid fees become immediately due and payable. Additionally, a client may terminate an advisory agreement without being assessed any fees or expenses within (5) business days of its signing.

Clients receive an account statement from their custodian at least quarterly. The statement includes the amount of any fees paid directly to SWAG. Generally, fees are automatically debited from client accounts pursuant to written authorization.

Clients should note that the same or similar services to those described above may be available elsewhere at a lower cost to the client. Clients should consider that depending upon the level of the wrap fee charges, the amount of portfolio activity in their accounts, the value of services that are provided, and other factors, a wrap fee may exceed the aggregate cost of services if they were to be provided separately. A non-wrapped pricing arrangement may be more cost effective for accounts that do not experience frequent trading activity.

IARs may recommend the Direct Asset Management Program to current and/or prospective clients and as a result of such person's participation in this program may receive all or a portion of the fee charged by SWAG. Such payments may be made for the duration of client's participation in the Program and may be greater than other forms of compensation had such person paid separately for investment advice, brokerage and other services provided to the client as part of a wrap fee program. As a result, IARs may have a financial incentive to recommend this Program over other programs or services offered by SWAG.

## **Internal Mutual Fund & Fee Based Variable Annuity Expenses**

Generally, mutual fund and variable annuity companies impose internal fees and expenses to manage their investment companies. Such fees are in addition to any program costs associated with the investment advisory services described above. Complete details of such internal expenses are specified and disclosed in each mutual fund and variable annuity company's prospectus. Clients are strongly advised to review the prospectus(es) prior to investing in such securities.

Fee Based Variable annuities are not assessed transaction fees since the reallocation of transactions are placed directly with the variable annuity sponsor. **However, variable annuity companies generally impose mortality charges of approximately .75% annually on such accounts. Variable annuity companies may also have additional riders or features on the contract as well which add additional costs. Please read and understand the total fees for your contract.**

Clients may purchase shares of mutual funds directly from the mutual fund issuer, its principal underwriter or a distributor without purchasing the services of SWAG or paying the advisory fee on such shares (but subject to any applicable sales charges). Certain mutual funds are offered to the public without a sales charge. In the case of mutual funds offered with a sales charge, the prevailing sales charge (as described in the mutual fund prospectus) may be more or less than the applicable advisory fee. However, clients would not receive the IAR's assistance in developing an investment strategy, selecting securities, monitoring performance of the account, and making changes as necessary. IARs, as RRs of LPL, may receive compensation (such as 12B-1 fees) from the sale of mutual fund products to clients of SWAG. This compensation is consideration for various services that the representative provides, such as presenting information to SWAG clients regarding the funds and recommending shares of the funds for investment. Payment of these fees is included in the expense ratios of the mutual funds. RRs may have a greater incentive to recommend certain funds or fund families with 12b-1 fees or funds with higher 12b-1 fees over other funds or fund families with lower or no 12b-1 fees.

## **Clearing and Custodial Arrangements**

LPL Financial ("LPL") or Charles Schwab & Co., Inc. ("Schwab") may execute trades, settle securities transactions, and custody client assets on behalf of SWAG. For further details concerning these arrangements, clients should refer to the respective client agreements and/or other related disclosure documents relative to the type of account they select.

Due to the unique nature of fee based variable annuities, they must be maintained directly with the variable annuity sponsor. Neither the IAR nor SWAG creates or forwards client account statements or confirmations. This responsibility remains exclusively with the variable annuity sponsor. All subaccount reallocations are directed to and executed by the variable annuity sponsor company.

## **ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

### **Types of Clients**

Direct Asset Management Services minimums are \$25,000. In certain cases these minimums may be waived at the sole discretion of SWAG based upon client and business considerations. SWAG IARs provide personal advisory services to individuals, IRAS, pension and profit sharing plans, including plans subject to the Employee Retirement Income Security Act of 1974 (“ERISA”), trusts, estates, charitable organizations, and corporations, as well as other business entities.

If a Client’s account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), SWAG may be a 3(21) fiduciary to the plan. In providing our investment advisory services, the sole standard of care imposed upon us is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

SWAG will provide certain required disclosures to the “responsible plan fiduciary” (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services we provide and the direct and indirect compensation we receive. Generally, these disclosures are contained in this Form ADV Part 2A, the client agreement or in separate ERISA disclosure document, and are designed to enable the ERISA plan’s fiduciary to: (1) determine the reasonableness of all compensation received by SWAG; (2) identify any potential conflicts of interests; and (3) satisfy reporting and disclosure requirements to plan participants.

## **ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION**

SWAG does not select, review or recommend other investment advisors or portfolio managers. The client chooses the IAR/Portfolio Manager who manages the account. IARs of SWAG provide investment advice and management to client accounts. SWAG generally does not maintain specific educational or business background requirements for its IARs. However, all IARs providing investment advice are required to pass appropriate securities examination(s) and must participate in continuing education courses and training conducted by SWAG.

### **Investment Discretion**

Under most circumstances SWAG does not have the authority to determine, without obtaining specific client consent, securities to be bought or sold, or the amount of securities to be bought or sold under Direct Asset Management Services. However, clients may maintain an account on a limited discretionary basis if, (1) the IAR of the account has been authorized by SWAG to manage accounts on a discretionary basis, and (2) the client has granted discretionary authority to the IAR in the client advisory agreement.



## **Methods of Analysis, Sources of Information and Investment Strategies**

IARs using Direct Asset Management Services have access to online portfolio software tools that assist in analyzing client portfolios. Such software is based upon Modern Portfolio Theory (MPT). MPT attempts to balance a portfolio's risk and return level based on a particular client's risk tolerance and investment objectives. Ibbotson Associates research is used in conjunction with the asset allocation software to provide clients with access to risk tolerance assessments, efficient frontier plotting, fund profiling and performance data, as well as portfolio optimization and re-balancing tools.

In addition, SWAG's IARs may use, without limitation, any of the following methods of analysis and sources of information: charting, fundamental, technical and cyclical analysis; financial newspapers and magazines; research materials prepared by others; timing services; corporate rating services such as MorningStar, annual reports, prospectuses and press releases. The use of margin transactions, long and short term purchases, option writing and trading (securities sold within 30 days) may be employed as a part of their investment strategies.

IARs have the option to use alternative methods of analysis if they so choose.

## **Types of Investments and Risks**

SWAG's IARs provide advice and recommend equity securities, warrants, options, certificates of deposit, limited partnerships, futures contracts, variable life insurance, variable annuities, mutual funds, commodity mutual funds, exchange traded funds, municipal securities, U.S. government securities, structured notes and debt instruments, in connection with the Direct Asset Management program. Although SWAG manages your portfolio in a manner consistent with your risk tolerances, there is no guarantee that our efforts will be successful. You should be prepared to bear the risk of loss.

All investments involve risks that can result in the loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings.

Additionally, these risks may include market risk, interest rate risk, issuer risk, and general economic risk.

You must also be aware that the use of margin, and options are higher risk strategies. It is possible to lose all of the principal you invest, and sometimes more. In a cash account, your risk is limited to the amount of money that you have invested. In a margin account, your risk includes the amount of money invested plus the amount that has been loaned to you.

## **Proxy Voting and Class Action Lawsuits**

SWAG does not take any action or render any advice with respect to voting of proxies solicited by or with respect to the issuers of securities in which client assets may be invested. In addition, SWAG does not take any action or render any advice with respect to any securities held in any accounts that are named in or subject to class action lawsuits. SWAG does, however, forward to clients any information received by SWAG regarding class action legal matters involving any securities held in client accounts.

## **ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

SWAG IARs help determine the appropriate investment objective for the client's account by obtaining the necessary client financial data from the account application, Outside Advisory Account Form or other documentation. The IAR reviews the client's account with the client no less than annually, or earlier if agreed upon with client, and will obtain updated information regarding the client's financial status, goals and objectives. Please note the investment objective the client chooses for the account is an overall objective for the entire account, and is a long-term objective for the account. The objective may be inconsistent with a specific holding in the account and the performance of the account at any time.

## **ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Clients have ready access to their respective portfolio manager/IAR, and SWAG does not place any restrictions on a client's ability to contact and consult with their IARs. IARs are not required to be available for unscheduled or unannounced visits by clients. However, IARs are expected to periodically meet with clients and should generally be available to take client telephone calls on advisory-related matters.

## **ITEM 9: ADDITIONAL INFORMATION**

### **Disciplinary Information**

Registered investment advisers such as SWAG are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of SWAG or the integrity of its management. SWAG does not have any such legal or disciplinary events and therefore has nothing to disclose with respect to this Item.

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

The principals and associated persons of SWAG are also RRs of LPL. They are also licensed to sell life, health and group insurance. As part of SWAG IARs' other business activities, they may effect securities transactions for or sell insurance products to clients. SWAG may be receiving a fee for investment advice in advisory accounts and representatives may be receiving a commission for any transactions effected in LPL brokerage accounts. SWAG uses industry standard fees and keeps evidence of such. Principals and other IARs of SWAG spend approximately 65% of their time on business related to LPL.

As discussed previously, certain associated persons of SWAG are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about SWAG's clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact Rosemary Richard at 1-800-736-9616.

## Brokerage Practices

Direct Asset Management Services utilize the services of particular broker-dealers. Thus, by assisting the client in selecting such a program, IARs may also be deemed to be assisting the client in selecting a broker-dealer. Because SWAG's and/or the IAR's compensation in connection with a program may vary depending on the broker-dealer or custodian selected, SWAG and/or the IAR may have a conflict of interest in assisting the client in such selection.

Factors considered in selecting LPL or Schwab (together "broker-dealers") include the existing broker-dealer clearing relationships with SWAG, financial strength, reputation, reporting, execution, pricing and research. The broker-dealers charge commission rates which are generally considered industry standard commission rates. However, the commissions and/or transaction fees charged by the broker-dealers may be higher or lower than those charged by other broker-dealer/custodians. Further, the fees charged by any designated broker-dealer/custodian, are exclusive of, and in addition to, the SWAG's investment management fees. In addition, the clients shall also incur charges imposed at the mutual fund level (e.g. management fees and other fund expenses).

Because the costs associated with trades executed through broker-dealers other than the custodians identified in this brochure would be passed on to the client in addition to the management fee, best execution is most likely obtained through these broker-dealers. For this reason, transactions are generally executed through the participating broker-dealers, subject to SWAG's duty to obtain "best execution", i.e., a price that is as favorable to clients as possible under the prevailing market conditions.

SWAG may aggregate orders in a bunched trade or trades when securities are purchased or sold through the same broker-dealer for multiple discretionary accounts. Non-discretionary accounts are not included in bunched trades for discretionary accounts.

The portfolio manager for each account must reasonably believe that the bunched order is consistent with SWAG's duty to seek best execution and may benefit each client participating in the aggregated order. The average price per share of each bunched trade is allocated to each account that participates in the bunched trade. Accounts that participate in the same bunched trade are charged commissions, if applicable, in accordance with their advisory contracts. Different accounts participating in a bunched transaction may not be charged the same commission rates.

If a bunched order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular client accounts. For example, partial fills generally are filled pro rata among participating accounts. Prior to entry of a bunched trade, a written pre-allocation is generated which identifies the group of client accounts participating in the order. If the amount to be allocated for each account is not indicated prior to placement of the trade, the Chief Compliance Officer ("CCO") must review and approve no later than the morning following allocation of the trade.

Changes in allocation prior to final allocation may be made for good cause provided that all client accounts receive fair and equitable treatment. A written explanation of the reason for

any material change in the allocation must be provided to and approved by the CCO no later than the morning following the execution of the trade. If the change in allocation is the result of a condition that exists or a change in a client's account outside of the portfolio manager's control, then approval by the CCO is not required.

Advisory accounts of SWAG employees and related persons may participate in bunched trades. They receive the same average price for all transactions that day and pay commissions and other transaction costs, if applicable. The portfolio manager is not obligated to include any client account in a bunched trade. Transactions for any client's account may not be aggregated for execution if the practice is prohibited or inconsistent with that client's investment management agreement.

It is SWAG's policy that clients must not be disadvantaged if a trade entered into a client's account contains an error (either wrong number of shares, wrong product or wrong account). Trades are corrected to reflect the original intent of the trade order.

### **Code of Ethics, Participation in Client Transactions and Personal Trading**

SWAG has adopted a Code of Ethics (the "Code") to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes SWAG's policies and procedures developed to protect client's interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the Code of Ethics and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility;
- The principle that investment adviser personnel should not take inappropriate advantage of their positions;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

SWAG will provide a copy of the Code to any client or prospective client upon request to their IAR

SWAGs IARs may engage in personal securities transactions. The personal securities transactions of SWAG's IARs may raise potential conflicts of interest when such persons trade in a security that is 1) owned by a client or 2) considered for purchase or sale for a client. SWAG has adopted policies and procedures that are intended to ensure that transactions are effected for clients in a manner that is consistent with the fiduciary duty and in accordance with applicable law. IARs that wish to purchase or sell securities of the types purchased or sold for clients may do so only in a manner consistent with SWAG policies and procedures.

SWAG does not engage in principal transactions with its clients.

## **Review of Accounts**

IARs providing Direct Asset Management Services review their client accounts at least annually, or more often as agreed between each IAR and client. The IARs then review and update each client's financial status, goals and objectives.

SWAG engages in ongoing monitoring of the program, and conducts audits of the IARs' records.

Clients using Direct Asset Management Services receive at least quarterly account statements. However, they may receive additional statements based upon activity in the account.

## **Other Compensation**

The IAR may receive additional compensation from product sponsors. However, such compensation may not be tied to any product sales. They may include such compensation as gifts valued at less than \$100.00 annually, an occasional dinner or sporting event, or reimbursement in connection with educational meetings or training events. SWAG's primary business is as an Investment Adviser. SWAG IARs spend the majority of their time in this capacity. Officers and related persons of SWAG are also RRs of LPL and licensed insurance agents. In this capacity, they may facilitate the purchase and/or sale of insurance products, mutual funds, securities, and other investment products for their clients, who may or may not have an advisory fee agreement with SWAG. SWAG's IARs may receive compensation for these non-advisory services that they may provide. Such compensation would be in addition to the advisory and other fees that SWAG may receive.

SWAG recommends the broker-dealers identified as custodians noted in this brochure for the execution and settlement of client transactions and custody of their assets. SWAG receives products and services from these broker-dealers, including software to enable direct electronic downloading of client account information, electronic trading, and access to investment research and information provided by broker-dealers. Clients do not pay higher commissions as a result of these products and services furnished by broker-dealers to SWAG. Although IARs registered with LPL may receive commissions in LPL accounts, SWAG earns no commissions from these transactions. Transaction charges or other charges for services to clients by broker-dealers may be more or less than other broker-dealers not recommended by SWAG that charge for comparable services. Clients are not required to use a specific broker-dealer to retain the services of SWAG.

Mutual funds purchased or sold in broker-dealer accounts may generate transaction fees that would not exist if the purchase or sale were made directly through the mutual fund company. Mutual funds held in broker-dealer accounts also charge management fees. These mutual fund management fees may be more or less than the mutual fund management fees charged if the client held the mutual fund directly with the mutual fund company. These management fees are in addition to the management fee charged by SWAG.

On occasion, LPL provides funding in the form of loans as incentive to independent RRs to establish broker-dealer relationships with LPL. Such loans are to assist in the transition and expansion of their practice.

IARs may also receive from LPL bonuses based on their production, awards of stock options to purchase shares of LPL's parent company, LPL Investment Holdings, Inc., reimbursement of fees they pay to LPL for items such as administrative services, and other things of value such as complimentary or reduced-cost attendance at LPL's national sales conference or top producer forums and events. These financial incentives from LPL are based on their overall business production. However, in some cases, the incentives are greater for assets they service in advisory programs. This may present a conflict of interest as the need to meet production levels may influence investment recommendations.

### **Client Referrals**

SWAG may compensate other individuals for client referrals to the Direct Asset Management Program. SWAG enters in to a solicitor's agreement with such referral agents and pays them a portion of the management fee. The solicitor discloses to the client at the time of solicitation the arrangement and the compensation to be received by the referral agent.

### **Financial Information**

SWAG is not aware of any financial commitment that is likely to impair our ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding. SWAG does not take direct custody of client assets but does have the ability to deduct the payment of advisory fees from accounts held at the custodian. Such fees are reflected on the statement the client will receive.

## **Strategic Wealth Advisors Group, Inc.**

### **PRIVACY STATEMENT**

In establishing an advisory account with Strategic Wealth Advisors Group, Inc. ("SWAG"), it is necessary that you provide SWAG with certain personal financial information necessary to ensure that your account is managed in a manner consistent with your investment objectives and personal financial goals.

#### **TYPES OF NONPUBLIC PERSONAL INFORMATION WE COLLECT**

**SWAG collects nonpublic personal information about you that is provided by you or obtained by SWAG with your authorization. SWAG may collect nonpublic personal information about you from the following sources:**

- Information SWAG receives from you on applications or other forms;
- Information about your securities transactions with SWAG or other advisers and broker-dealers which may be providing financial services to you; and
- With broker-dealer firms having regulatory requirements to supervise certain activities of Advisor's representatives who are also registered with a broker-dealer firm.

#### **PARTIES TO WHOM WE DISCLOSE INFORMATION**

It is the policy of SWAG that we do not disclose any nonpublic personal information about our clients or former clients to unaffiliated third parties, except as permitted by law. When necessary to provide all of the services you request for your account, SWAG may provide nonpublic personal information about you to certain third parties, such as clearing firms that serve or may serve as the custodian of your account or that may affect securities transactions on your behalf, insurance companies or companies used to provide performance reporting. Such disclosure is only made to fulfill our duties to you in fully servicing your account. Under no circumstances do we sell your name or other information to anyone.

#### **PROTECTING THE CONFIDENTIALITY AND SECURITY OF CLIENTS' INFORMATION**

SWAG retains records relating to professional services that we provide so that we are better able to assist you with your needs. SWAG restricts access to your personal and account information to those employees who need to know that information to provide products or services to you. SWAG maintains physical, electronic, and procedural safeguards to guard your nonpublic personal information. If you decide to close your account(s) with SWAG or become an inactive customer, SWAG will adhere to the privacy policies and practices as described in this notice.

If you should have any questions regarding our Privacy Policy please call our Chief Compliance Officer at 1-800-736-9616.