

# **Advisory Services Brochure**

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

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August 29, 2014

**This brochure provides information about the qualifications and business practices of Strategic Wealth Advisors Group. If you have any questions about the contents of this Brochure, please contact us at (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 Group is also available on the SECs website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2: MATERIAL CHANGES TO THE SWAG ADVISORY 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 the May 6, 2014 brochure:

In Item 4: Advisory Business section, the assets under management was updated as of May 31, 2014.

SWAG has a new Chief Executive Officer named Keith Kelly.

SWAG has a new Chief Investment Officer named Jeremy Olen.

SWAG has new Chief Investment Strategist named Christopher Mercado.

SWAG has a new Chief Supervisory Officer named Daxs Stadjuhar.

SWAG encourages each client to read the current version of this Brochure carefully and to call us with any questions.

Pursuant to federal regulations, SWAG will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of our fiscal year, along with a copy of this Brochure or an offer to provide the Brochure. Additionally, as SWAG experiences material changes in the future, we will send you a summary of our “Material Changes” under separate cover.

### ***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.

Additional information about SWAG and our investment adviser representatives is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **ITEM 4: ADVISORY BUSINESS**

### **FIRM DESCRIPTION**

Strategic Wealth Advisors Group, Inc. (“SWAG”) is a Registered Investment Adviser with the United States Securities and Exchange Commission (“SEC”) offering investment advisory products and services to a variety of clients. SWAG was registered with the SEC in July of 2006. (Please note being “registered” does not imply a certain level of skill or training.)

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; Dale Q. Rice Investment Management; Retirement Wealth Advisors; Center for Financial Management; Rahn Wealth Management; Frank Deptola & Associates; Purpose Financial Advisors; and Integrity Financial Services.

IARs of SWAG may also act as registered representatives (“RR(s)”) and IARs of LPL Financial LLC. (“LPL”). SWAG is not affiliated with LPL. LPL is registered with the SEC as both a broker-dealer and investment adviser. Please refer to Items 5, 10 and 12 for additional information pertaining to this affiliation.

SWAG’s total assets under management as of May 31, 2014, are \$619,679,156. The assets are broken down as follows: Discretionary: \$568,044,444 and Non-Discretionary: \$43,967,263.

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.

### **PRINCIPAL OWNER**

James Herrington is the sole owner of Strategic Wealth Advisors Group.

### **DIRECT ASSET MANAGEMENT SERVICES**

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 does not require advance client approval.

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 margins 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 change the allocation of the client's account to maintain either the strategic or tactical plan for the client. However, no changes are made to the initially agreed-upon asset allocation in non-discretionary accounts without prior client review and consent.

Clients have ready access to their respective portfolio manager/IAR. Portfolio managers are not required to be available for unscheduled or unannounced visits by clients. However, portfolio managers are expected to periodically meet with clients and should generally be available to take client telephone calls on advisory-related matters.

Clients participating in Direct Asset Management Services may choose from a wrapped or non-wrapped pricing option.

### **LPL Managed Account and Asset Allocation Programs**

SWAG offers the following LPL sponsored programs to its clients:

- *Model Wealth Portfolios (MWP)* – The MWP program is a managed mutual fund and exchange-traded fund (“ETF”) asset allocation program. Clients invest in one or more model portfolios designed by LPL's Research Department or a third-party investment strategist.
- *Optimum Market Portfolios (OMP)* - The OMP program is a managed mutual fund asset allocation program. Clients invest in one or more model portfolios designed by LPL's Research Department, which consist of up to six Optimum Family of Funds.
- *Personal Wealth Portfolios (PWP)* -The PWP program is a unified managed account program. Clients invest in one or more asset allocation portfolios designed by LPL's Research Department, which include a combination of mutual funds, ETFs, and investment models (“Models”) provided to LPL by

third party money managers ("PWP Advisors"). The Models typically consist of equity and fixed income securities, but may include mutual funds.

- *Manager Access Select (MAS)* - The MAS program provides clients with access to the investment advisory services of third party portfolio management firms ("Portfolio Managers").
- *Manager Access Network (MAN)* – The MAN program provides clients with access to third party Portfolio Managers to provide investment management services.

Under the MWP, OMP, PWP and MAS programs, LPL and SWAG provide ongoing investment advice to SWAG's clients in the program. Initially, a SWAG IAR will obtain necessary client financial data and assist the client in determining the appropriate program and asset allocation model(s) best suited for the client's overall investment objectives and guidelines.

Under the MAN program, LPL serves as the client's custodian and broker and SWAG provides ongoing investment advisory services, including gathering necessary client financial data and assisting the client in determining an appropriate Portfolio Manager with an investment strategy or strategies suitable for and in line with each client's investment guidelines.

Each client entering into an LPL sponsored account program, with the exception of the MAN program, will be provided a written LPL disclosure brochure that outlines in detail the services provided and fees charged, along with other important information about the selected program. Clients should thoroughly read the brochure upon receipt.

These programs may not be suitable for, and therefore not offered to, all SWAG clients.

### **Consulting and Financial Planning Services**

Investment Advisor Representatives of SWAG may provide consulting services as well as prepare and provide clients with a written financial plan designed to help them with their financial goals and investment objectives. Providing these services may necessitate that the client provide SWAG with personal data such as family records, budgeting, personal liability, estate information and additional financial goals. The services may include any or all of the following as requested and/or directed by the client: asset protection, tax planning, business succession, strategies for exercising stock options, cash flow, education planning, estate planning, multi-generational planning, wealth transfer, charitable gifting, long-term care and disability planning, retirement planning, insurance planning, asset allocation comparisons, and risk management.

Should a client choose to implement the recommendations contained in the plan, SWAG suggests the client work closely with his/her attorney, accountant, insurance agent, and/or RR. Implementation of these consulting recommendations or the

financial plan recommendations is entirely at the client's discretion.

## **ITEM 5: FEES AND COMPENSATION**

### ***Wrap Fee Option***

The Wrap Fee Option allows the client to pay an all-inclusive fee for management, clearance, custody, and administrative services according to the following schedule. This may cost the client more or less than purchasing these products/services separately.

#### **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 effected through any of the participating custodians identified below. 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. Exchange fees would also not be included in the Wrap 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***

As an alternative to the wrap pricing structure, 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 affect 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 and may vary by IAR. Please ask your IAR for details on transaction fees and/or commissions specific to your account.

#### **Non-Wrap Fee Schedule**

<b>Total Account Value</b>	<b>Maximum Total Advisory Fee</b>
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 effected through any of the participating custodians identified below. 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.**

### ***LPL Sponsored Program Fees***

The total program fees charged under the MWP, OMP, PWP and MAS programs are fully outlined in the LPL disclosure brochure and the program agreement entered into between LPL, the client, and SWAG. SWAG and its IARs receive a portion of the annual program fee for providing advisory services. The fee received by SWAG and its IARs is based on a negotiated percentage of the maximum program fee and varies depending on the extent of services being provided.

The program fees for the MWP, OMP, PWP and MAS programs are negotiable and calculated by LPL at the beginning of each quarter based on the value of the client's assets invested in the program as of the close of business on the last day of the preceding quarter. LPL will deduct the full program fee from the client's program account as authorized by the client in the program agreement, unless other arrangements have been agreed to in writing, and will pay SWAG its advisory fee. LPL's refund policy is fully outlined in the LPL disclosure brochure for each program, which is provided to program clients and should be fully reviewed upon receipt.

For the MAN program, clients in the program will pay SWAG an advisory fee based on the fee schedule reflected above under "Non-Wrap Fee Option". LPL will deduct and pay SWAG's advisory fee from the client's program account as authorized by the client in the client agreement, unless other arrangements have been agreed to in writing.

Clients in all the LPL programs may also incur certain charges imposed by LPL or third parties other than SWAG in connection with investments made through the program account, including among others the following types of charges: mutual fund 12b-1, sub-transfer agent, networking and omnibus processing fees; fund management fees and administrative servicing fees; certain deferred sales charges on previously purchased mutual funds and other transaction charges and service fees; IRA and Qualified Retirement Plan fees; administrative servicing fees for trust accounts; and other taxes and charges required by law or imposed by exchanges or regulatory bodies. LPL, SWAG and SWAG IARs may receive all or a portion of certain of these third party fees. Further information regarding fees and charges assessed by any mutual fund held in a client's program account is outlined in the fund's prospectus and available upon request. Additionally, please refer to Item 14 – Client Referrals and Other Compensation for further details regarding fees.



## **Consulting and Financial Planning Services**

Consulting services and financial planning services are charged through a fixed fee or hourly arrangement as agreed upon between the client and the SWAG IAR. Fees are negotiable and vary depending upon the complexity of the client's situation and services to be provided. Fixed fees range from \$500 to \$20,000 depending on the complexity of the project and services. Hourly rates range from \$0 - \$400 per hour, depending on the experience and qualifications of the IAR. An estimate for total hours is determined at the start of the advisory relationship.

For further details, including a more complete description of fees and services, please refer to SWAG's Direct Asset Management Services, Appendix I Brochure and your client agreement provided by your IAR. 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.

The cost of some plans may be recovered through a reduction in SWAG's investment advisory fee in an amount equal to the cost of the financial plan should the recipient of the financial plan choose to become a client of SWAG. Similar financial planning services may be available elsewhere for a lower cost to the client.

For financial planning fees of less than \$1,000 per year, 50% of the fee may be due at the inception of the engagement with the remainder paid at delivery. The financial plan is presented to the client within 90 days of the contract date, provided that the client has promptly provided all information needed to prepare the financial plan.

## **Seminars**

IARs may host seminars on various financial topics that may encourage clients to seek investment advisory services. Fees for the seminars range from \$0 to \$300 per person per session. Fees may be negotiable for group rates and are negotiable based upon the number of attendees, the length and the content of the seminar. Fees are due before the seminar or on the day of the seminar, as set forth in the seminar announcement. Cancellation and refund provisions for prepaid fees are disclosed in the seminar announcement or invitation.

## **General Fee Information**

Fees are due and payable in advance (unless otherwise stated in the client agreement) 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 unearned 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.

### **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 and advisory fees 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% - 1.25% 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 paying for the services of SWAG. 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 and is in addition to such fee. However, if clients were to purchase shares directly, then clients would not receive any investment advice from SWAG, including the IAR's assistance in developing an investment strategy, selecting securities, monitoring performance of the account, and making changes as necessary.

The IARs of SWAG also are RRs of LPL, a registered broker-dealer. In their capacity as RRs of LPL, the IARs of SWAG may place clients in investment products sold through LPL and receive a usual and customary commission for doing so. Many such products have fixed commissions as they are sold through a prospectus. For example, 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 no or lower 12b-1 fees

Additionally, several of SWAG's IARs are also licensed insurance agents of various insurance companies. In the course of providing investment advisory services, these individuals may recommend that clients purchase products or policies underwritten by certain insurance carriers.

To the extent that SWAG's IARs recommend and/or utilize investment and insurance products where they may receive commissions and/or other compensation for doing so, a conflict of interest exists because they will receive such additional compensation should clients invest in such products. Clients are not obligated to purchase any investment or insurance products or services through SWAG or LPL.

While the IARs devote as much time to the business and affairs of SWAG as is necessary to perform their duties, they do devote a portion of their time performing services as RRs for LPL, and as licensed insurance agents. These multiple roles and additional compensation create conflicts of interest. For example, in addition to the conflicts outlined in the paragraphs above regarding receipt of additional compensation, performing their outside business activities takes time away from their day to day duties performed for SWAG.

The conflicts surrounding these outside business activities are disclosed to clients at the time of entering into an advisory agreement with SWAG, mainly through the delivery of this Brochure and the Supplemental Brochures (ADV Part 2Bs). Additionally, SWAG has implemented certain controls to help mitigate these conflicts, including having supervisory procedures to oversee and monitor the outside business activities of the IARs. Importantly, as part of SWAG's fiduciary duty to clients, the Firm and its IARs endeavor at all times to put the interests of the clients first, and recommendations and investments will only be made to the extent that they are reasonably believed to be suitable and in the best interests of the client.

For additional information on SWAG financial affiliations please refer to Item 10 below.

### **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 clients using Direct Asset Management Services. A wrap program related to these services is sponsored by SWAG. For further details concerning these arrangements, clients should refer to the respective Direct Asset Management Services Brochure, client agreement 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 at the variable annuity sponsor company.

#### **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

SWAG does not charge fees based on capital gains or the amount of capital appreciation of the assets under management.

No performance based fees are charged by LPL or SWAG on assets invested in the LPL sponsored programs.

#### **ITEM 7: 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, 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 by such clients. Generally, these disclosures are contained in this Form ADV Part 2A, the client agreement or in separate ERISA disclosure documents, 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 8: 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. SWAG IARs provide advice and recommendations on equity securities, warrants, options, certificates of deposit, limited partnerships, futures contracts, variable life insurance, fee-based variable annuities, mutual funds, exchange traded funds, municipal securities, U.S. government securities, structured notes and debt instruments.

Although we manage your portfolio in a manner consistent with your risk tolerances, there can be no guarantee that our efforts will be successful. You should be prepared to bear the risk of loss.

Prior to entering into an Investment Management Agreement with SWAG, a client should carefully consider: 1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to five years, 2) that volatility from investing in the stock and bond markets can occur, and 3) that over time the client's assets may fluctuate and at any time be worth more or less than the amount invested. SWAG cannot make any guarantee that a client's investment objectives will be achieved.

Some risks of loss a client should be aware of include, but are not limited, to the following:

- Interest-Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a stock, bond, mutual fund or other security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Political and Legislative Risks: Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly, without warning and with significant impact. This is especially true for companies operating outside of the United States or that conduct a portion of their business outside of the United States.

- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (*i.e.* interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. Generally, business risk is that a company will go bankrupt or perform below expectations. Every company carries the business risk that it will produce insufficient cash flow in order to maintain operations. Business risk can come from a variety of sources, some systemic and others un-systemic. That is, every company has the business risk that the broader economy will perform poorly and therefore that sales will be poor, and also the risk that the market simply will not like its products.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if there is an active market for the asset. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

SWAG clients also may elect to open margin accounts. Clients should be aware that there are a number of additional risks that all investors need to consider in deciding to trade securities on margin. The risks associated with margin include, but are not limited to, the following:

- Clients can lose more funds than they deposit in the margin account. A decline in the value of securities that are purchased on margin may require the client to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities in the account.
- The lending firm may be able to force the sale of securities in a margin account. If the equity in margin account falls below the maintenance requirements under the law—or the lending firm's higher "house" requirements—the firm may be able to sell the securities in the margin account to cover the margin deficiency. Clients using margin may also be responsible for any short fall in the account after such a sale.

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.

It is important that investors take time to learn about the risks involved in trading securities on margin, and investors should consult SWAG's IARs regarding any questions or concerns they may have with their margin accounts.

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

## **ITEM 9: 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. While SWAG does not consider the following information to be a material legal or disciplinary event, it is being provided nonetheless in the spirit of full disclosure.

In June 2013, SWAG received a copy of a legal complaint that had been filed against, among others, SWAG and one of its investment adviser representatives, Mr. Edward Stadjuhar. In October 2013, the case was moved to arbitration under the jurisdiction of FINRA. SWAG and Mr. Stadjuhar vehemently deny the allegations and are proceeding accordingly.

This arbitration is fully disclosed on SWAG's ADV Part 1, which can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). It is also disclosed on Mr. Stadjuhar's ADV Part 2B, and Form U-4, a summary of which can be found both on [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and [www.finra.org](http://www.finra.org). If you do not have access to the internet, you can call our office at (650) 571-1934 to request copies.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As outlined in Item 5 above, SWAG's IARs have outside business activities as RRs of LPL and as insurance agents, for which they receive additional compensation. These outside business activities and additional compensation create conflicts of interest. For example, from time to time, SWAG's IARs may recommend or invest on behalf of clients in investment products sold through LPL and by doing so receive usual and customary commissions and/or other compensation.

Several of SWAG's investment adviser representatives are also licensed insurance agents of various independent insurance companies. In the course of providing investment advisory services, these individuals may recommend that clients purchase products or policies underwritten by certain insurance carriers. Please note that a conflict of interest exists to the extent that certain recommendations may result in a commission being paid to these individuals by the insurance company should a client purchase that company's insurance products or policies. The amount paid is the normal commission paid for services rendered as an insurance representative. Clients should be aware that they are under no obligation to purchase insurance products or policies recommended by SWAG or any of its IARs.

The conflicts surrounding these outside business activities are disclosed to clients at the time of entering into an advisory agreement with SWAG, mainly through the delivery of this Brochure and the Supplemental Brochures (ADV Part 2Bs). Additionally, SWAG has implemented certain policies, procedures and internal controls to help mitigate the conflicts. Importantly, as part of SWAG's fiduciary duty to clients, the Firm and its IARs endeavor at all times to put the interests of the clients first, and recommendations and investments will only be made to the extent that they are

reasonably believed to be suitable and in the best interests of the client.

Additionally, as a result of the relationship with LPL, LPL may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about SWAG's clients, even if the 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.

#### **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST 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 IAR'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.

SWAG's 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 any principal transactions.

#### **ITEM 12: BROKERAGE PRACTICES**

##### *How We Select Brokers*

Direct Asset Management Services program utilizes 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.

Depending on the program and client, SWAG recommends Schwab or LPL as custodian for client assets. Factors considered in selecting a custodian (together "Custodian Brokers") include the existing broker-dealer clearing relationships with SWAG, financial strength, reputation, reporting, execution pricing and research. The Custodian Brokers charge commission rates or transaction fees which are generally considered industry standard. However, the commissions and/or transaction fees charged by the Custodians may be higher or lower than those charged by other broker-dealer/custodians. Further, the fees charged by any designated Custodian Broker are exclusive of, and in addition to, SWAG's investment management fees. In addition, clients shall also incur charges imposed at the mutual fund level (e.g. management fees and other fund expenses) as outlined in Item 5 above.

Under the Custodian Broker arrangements, the Custodian Brokers generally do not charge a custodial fee so long as client transactions are placed with the Custodian Broker for execution. It is the policy and practice of SWAG to strive for the best price and execution that are competitive in relation to the value of the transaction ("best execution"). In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of the Custodian Broker's services, including among other things the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while SWAG will seek competitive rates among various Custodian Brokers, it may not necessarily obtain the lowest possible commission rates or transaction fees for client transactions. SWAG is not required to negotiate "execution only" commission rates, thus the client may be deemed to be paying for research and related services (*i.e.*, "soft dollars") provided by the Custodian Broker which are included in the commission rate/transaction fee.

To ensure that Custodian Brokers recommended by SWAG are conducting overall best qualitative execution, SWAG will periodically (and no less often than annually) evaluate the trading process and Custodian Brokers utilized. SWAG's evaluation will consider the full range of brokerage services offered by the Custodian Brokers, which may include, but is not limited to, price, commission, timing, research, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers and administrative ability.

SWAG may aggregate orders in a bunched trade or trades when securities are purchased or sold through the same Custodian Broker 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 or transaction fees, if applicable, in accordance with their advisory contracts. Different accounts participating in a bunched transaction may not be charged the same commission rates or transaction fees.

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 IARs 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.

#### *Research and Other Soft Dollar Benefits*

SWAG may select a Custodian Broker due to the value of various services or products, beyond transaction execution, that such Custodian Brokers provide. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with "soft dollars." The amount of compensation paid to the Custodian Brokers may be higher than what other, equally capable broker-dealers might charge. Except for the benefits received from Custodian Brokers as discussed below, SWAG currently has no other soft dollar arrangements in place. The following discussion is intended to provide clients with certain important information regarding such practices, including the

potential conflicts of interest that may arise should SWAG enter into any soft dollar arrangements.

The receipt of such services from Custodian Brokers may benefit SWAG, because SWAG does not have to produce or pay for the research or other products or services when it obtains such products and services by using client commissions/transaction fees. Although customary, these arrangements present potential conflicts of interest in allocating securities transactional business to Custodian Brokers in exchange for soft dollar benefits. Additionally, SWAG may have an incentive to effect more transactions than might otherwise be the case in order to obtain certain benefits. The extent of any such conflict depends in large part on the nature and uses of the services and products acquired with soft dollars.

SWAG's general policy is to comply with the provisions of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)") when entering into soft dollar arrangements. Section 28(e) recognizes the potential conflict of interest involved in this activity, but generally allows investment advisers to use client commissions to pay for certain research and brokerage products and services under certain circumstances without breaching their fiduciary duties to clients. For these purposes, "research" means services or products used to provide lawful and appropriate assistance to SWAG in making investment decisions for its clients. "Brokerage" services and products are those used to effect securities transactions for SWAG's clients or to assist in effecting those transactions.

Research and other products and services purchased with soft dollars will generally be used to service all of SWAG's clients, but commissions or transaction fees paid by one client may be used to pay for research that is not used in managing that client's portfolio, as permitted by Section 28(e). In other words, there may be certain client accounts that benefit from the research services, which did not make the payment of commissions to the broker-dealer providing the services.

Brokerage services obtained with soft dollars may include, for example, quotation and communication equipment and services, other order management systems that provide trading software or provide connectivity to such software, trade analysis software, on-line pricing services, communication services relating to execution, clearing and settlement and message services used to transmit orders.

Research and related services furnished by Custodian Brokers may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; recommendations as to specific securities; portfolio evaluation services; financial database software and services; computerized news, pricing and statistical services; and discussions with research personnel, along with hardware, software, databases and other technical and telecommunication services and equipment utilized in the investment management process. Research received by SWAG under such soft dollar arrangements may include both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

As stated above, SWAG may recommend that clients establish brokerage accounts with Custodian Brokers to maintain custody of clients' assets and to effect trades for their accounts. These Custodian Brokers are SEC-registered broker-dealers and members of FINRA. While there is no direct link between the investment advice given to clients and SWAG's recommendation to use the custodial or brokerage services of the Custodian Brokers, certain benefits are received by SWAG due to this arrangement.

### *Schwab Advisor Services™*

For our clients' accounts that are held at Schwab, Schwab generally does not charge separately for custody services but is compensated by charging transaction fees on trades that it executes for the client's account or that settle into the Schwab account. The custodian and brokerage services that Schwab provides to SWAG's clients are typically not available to retail clients. These services are provided by Schwab so long as SWAG maintains a minimum amount of our clients' assets with Schwab. This commitment benefits the client because the overall transaction fees you pay are lower than they would be otherwise. In addition to transaction fees, Schwab will charge a client a flat dollar amount when acting as a "prime broker" for any trade that is executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's Schwab account. These fees are in addition to the commissions paid to the executing broker-dealer. Because of this, in order to minimize a client's trading costs, SWAG generally places all trades for clients that have managed accounts held at Schwab with Schwab for execution. SWAG has determined that having Schwab execute most trades is consistent with our duty to seek "best execution", which means that we are seeking the most favorable terms for each transaction based on all relevant factors, including those listed above (see "*How We Select Brokers*" above).

### **Products and Services Available From Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like SWAG. They provide SWAG and our clients with access to their institutional brokerage trading, custody, reporting, and related services—many of which are not typically available to Schwab retail clients. Schwab also makes available various support services. Some of those services help SWAG manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to SWAG as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of approximately \$1,200. Following is a more detailed description of Schwab's support services:

### **Services That Benefit Clients**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial

investment by our clients. Schwab's services described in this paragraph generally benefit our clients and their accounts held at Schwab.

### **Services That May Not Directly Benefit Clients**

Schwab also makes available to SWAG other products and services that benefit us but may not directly benefit our clients or their accounts held at Schwab. These products and services assist SWAG in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. SWAG and its IARs may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of SWAG's advisory fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

### **Services That Generally Benefit Only SWAG**

Schwab also offers other services intended to help SWAG manage and further develop our business enterprise. These services include:

- Educational conferences and events for IARs
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to SWAG. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel. SWAG and its IARs may utilize some or all of the services outlined above that are offered by Schwab.

### **SWAG's Interest in Schwab's Services**

The availability of these services from Schwab benefits SWAG because we do not have to produce or purchase them. As mentioned above, SWAG does not have to pay for Schwab's services so long as clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon SWAG committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend to clients that they maintain their account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on a client's interest in receiving the best value in custody services and the most favorable

execution of your transactions. This is a potential conflict of interest. SWAG believes, however, that our recommendation of Schwab as custodian and broker is in the best interests of our clients. Such recommendation is primarily supported by the scope, quality, and price of Schwab's services and not on Schwab's services that benefit only SWAG.

### **LPL Services That Generally Benefit Swag**

SWAG advisors 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.

### **LPL Sponsored Programs**

For the MWP, OMP, and PWP programs, each program client grants LPL, via the client program agreement, discretionary trading authorization with respect to the purchase and sale of the assets in the client's program account. LPL also is responsible for the rebalancing of program client accounts.

In accordance with the PWP program client agreement, program clients authorize LPL to delegate PWP Advisors (as such term is defined in the agreement) with investment and trade discretion over a portion of the PWP account. For example, if a PWP account is selected that includes a municipal security allocation managed by a PWP Advisor, then LPL can give the PWP Advisor discretionary trading authorization with respect to the purchase and sale of the municipal securities portion of the PWP account.

For the MAS and MAN programs, the Portfolio Manager(s) will have investment discretion and trading authority with respect to the purchase and sale of the assets in a MAS or MAN program client account.

The trading and rebalancing information is outlined in the program client agreement and the LPL disclosure brochure for each program. A copy of the brochure is provided to program clients and should be read thoroughly upon receipt.

### **ITEM 13: 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 Investment Advisor Representative's 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.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

SWAG may compensate other individuals for client referrals to the Direct Asset Management Program. SWAG enters into 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.

The IAR may also 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. Product sponsors may also pay for education or training events.

As outlined in Item 12 above, SWAG may recommend LPL or Schwab for the execution and settlement of client transactions and custody of their assets. As part of these arrangements, 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 or transaction fees 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. Please refer to Item 12 above for complete information on the benefits received by SWAG from these broker-dealers.

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.

SWAG receives asset-based advisory fees as a result of its clients' participation in the LPL sponsored programs. The amount of these fees may be more or less than what SWAG would receive if a client participated in other LPL programs or paid separately for investment advice, brokerage and other client services. Additionally, SWAG or one or more of its IARs may receive all or a portion of certain third party fees that are paid by program clients. Therefore, SWAG may have a financial incentive when recommending that its clients open an account under the LPL managed account program. As part of SWAG's fiduciary duty to its clients, SWAG and its IARs will endeavor at all times to put the interest of the clients first and will only make recommendations when they are reasonably believed to be in the best interests of the client. (Please refer to Item 5 – Fees and Compensation for further details regarding fees).

#### **ITEM 15: CUSTODY**

Pursuant to Rule 206(4)-2 of the Advisers Act, SWAG is deemed to have custody of client funds because the firm has the authority and ability to debit its fees directly from clients' accounts. To mitigate any potential conflicts of interests, all SWAG client account assets will be maintained with an independent qualified custodian. Generally, SWAG recommends LPL or Schwab for custodial services, but from time to time, other custodians may be recommended by SWAG to custody client assets.

Notably, in most cases a client's broker-dealer also may act as the custodian of the client's assets for little or no extra cost. Clients should be aware, however, of the differences between having their assets held at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

SWAG may only implement its investment management recommendations after the client has arranged for and furnished SWAG with all information and authorization regarding its accounts held at the client's designated qualified custodian.

Clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets, which will reflect the account holdings, transactions for the period reported, and any additions and withdrawals from the account, including the withdrawal of SWAG's advisory fees. Clients are urged to carefully review all custodial statements and compare them to any reports and/or statements provided by SWAG and its IARs. SWAG's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please refer to Item 12 above for additional important disclosure information relating to SWAG's practices and relationships with custodians.



#### **ITEM 16: 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.

#### **ITEM 17: VOTING CLIENT SECURITIES**

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 security held in client accounts.

#### **ITEM 18: FINANCIAL INFORMATION**

SWAG is not aware of any financial commitment that is likely to impair its ability to provide the services identified above and has not been the subject of a bankruptcy proceeding.

SWAG does not require the prepayment or solicit prepayment of more than \$1200 in fees per client six months in advance.

# **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
- 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 effect 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 Investment Advisor Representatives or employees who need to know that information to provide products or services to you. SWAG maintains physical, electronic, and procedural safeguards to guard your non-public 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.