



**Strategic Financial Partners, Ltd.**

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**August 28, 2019**

**Form ADV Part 2A Brochure**

Strategic Financial Partners, Ltd. is a registered investment adviser. An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Strategic Financial Partners, Ltd. If you have any questions about the contents of this brochure, please contact us at (503) 467-7832. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Strategic Financial Partners, Ltd. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Material Changes - Item 2**

The purpose of this page is to inform you of any material changes since the previous version of this brochure.

On August 28, 2019, we completed a rewrite of this entire brochure. Clients should read the entire document to familiarize themselves with our firm.

We review and update our brochure at least annually to make sure that it remains current.

If you would like to receive a complete copy of our current brochure free of charge at any time, please contact us at (503) 467-7832 or via email at [grant@advisoryfirm.com](mailto:grant@advisoryfirm.com).

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#### **Advisory Business - Item 4**

Strategic Financial Partners, Ltd. (hereinafter “SFP”) is a registered investment advisor based in Lake Oswego, Oregon. We are a corporation, organized under the laws of the State of Oregon. Grant Carroll and Richard Williams are the founders and only shareholders of SFP. While the two founders have provided financial planning and investment advice since 1989, SFP was established in 2009.

You may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, employee, and all individuals providing investment advice on behalf of our firm. Where required, such persons are properly registered as investment adviser representatives.

Currently, we offer the following investment advisory services, personalized to each individual Client:

- **Wealth Management Services**
- **Portfolio Management Services**
- **Financial Planning Services**
- **Pension Consulting Services**

#### **Wealth Management Services**

SFP provides broad-based wealth management services to Clients. This service is a combination of financial planning and portfolio management services. Clients purchasing this service receive a financial plan that is used to assist SFP in organizing a Client’s financial information and determining the scope of services that are most suitable for the Client’s financial situation and investment needs. Once a financial plan is in place, the firm implements investment recommendations as part of its ongoing portfolio management service. The financial plan is monitored and revised on an as needed basis. SFP’s financial planning and portfolio management services are described in further detail below.

#### **Portfolio Management Services**

Our firm offers continuous discretionary and, in limited cases, non-discretionary portfolio management services. Discretionary portfolio management means we will make investment decisions and place buy or sell orders in your account without contacting you. These decisions are made based upon your stated investment objectives. You may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Non-discretionary portfolio management service means that we must obtain your approval prior to making any transactions in your account.

Our investment advice is tailored to meet your needs and investment objectives. If you decide to hire our firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and decide how much risk you should take in your investments. The information we gather will help us implement an asset allocation strategy that will be specific to your goals, whether we are actively investing for you or simply providing you with advice.

SFP does not recommend one particular type of security over other types of securities, but we do provide advice on various types of securities, such as exchange listed equities, over the counter equities, foreign issues, American depository receipts, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (including mutual funds and exchange traded funds), US Government securities, options contracts on securities and/or commodities, private equity instruments, and interests in partnership investing in real estate. Additionally, we will provide advice on existing investments you may hold at the inception of the advisory relationship or on other types of investments for which you ask advice. Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when

consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

However we construct your investment portfolio, we will monitor your portfolio's performance on a continuous basis, and rebalance the portfolio whenever necessary, as changes occur in market conditions, your financial circumstances, or both.

#### **Wrap Fee Programs**

SFP is the portfolio manager and sponsor of the SFP Wrap Fee Program. A wrap fee program combines portfolio management, advisory services, and trade execution for a single fee. SFP, as portfolio manager is responsible for the research, security selection, and implementation of transaction orders in the Client's account. The transactions in the Client's account will be executed by and custodied at LPL Financial Corporation ("LPL"). SFP receives a portion of the Wrap Fee for portfolio management services. LPL will receive a portion of the fee for trade execution expenses. Please see the attached Wrap Fee Brochure for additional information on this program.

#### **Recommendation of Third Party Investment Advisers**

As part of our overall portfolio management strategy, we may also recommend third party investment advisers or programs to manage all or a portion of your account. All third party investment advisers recommended by our firm must either be registered as investment advisers or exempt from registration requirements. Factors that we take into consideration when making our recommendations include, but are not limited to, the following: the third party investment adviser's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will periodically monitor the third party investment adviser's performance to ensure its management and investment style remains aligned with your investment goals and objectives.

#### **Financial Planning Services**

We offer various financial planning related services, which assist our Clients in the management of their financial resources. Financial planning services are based upon an analysis of your individual needs and begin with one or more information gathering consultations. Once we collect and analyze all documentation gathered during these consultations, we provide a written financial plan designed to achieve your financial goals and objectives. In this way, SFP assists you in developing a strategy for the successful management of income, assets, and liabilities. In general, financial planning services may include any one or all of the following:

- Cash Flow Analysis – Assessment of your present financial situation by collecting information regarding net worth and cash flow statements, tax returns, insurance policies, investment portfolios, pension plans, employee benefit statements, etc. The firm advises on ways to reduce risk, coordinate, and organize records, and estate information.
- Retirement Analysis – Identification of your long-term financial and personal goals and objectives including advice for accumulating wealth for retirement income or appropriate distribution of assets following retirement. Tax consequences and implications are identified and evaluated.
- Insurance Analysis – Includes risk management associated with advisory recommendations based on a combination of insurance types to meet your needs, e.g., life, health, disability, and long-term care insurance. This will necessitate an analysis of cash needs of family at death, income needs of surviving dependents, and disability income analysis.
- Portfolio Analysis/Investment Planning – We provide investment alternatives, including asset allocation, and effect on your portfolio. We evaluate economic and tax characteristics of existing investments as well as their suitability for your objectives. We identify and evaluate tax consequences and their implications.
- Education Savings Analysis – Alternatives and strategies with respect to the complete or partial funding of college or other post-secondary education.
- Estate Analysis – We provide advice with respect to property ownership, distribution strategies, estate tax reduction, and tax payment techniques.

The recommendations and solutions are designed to achieve your desired goals, subject to periodic evaluation of the financial plan, which may require revision to meet changing circumstances. Financial plans are based on your financial situation based on the information provided to the firm. We should be notified promptly of any change to your financial situation, goals, objectives, or needs.

You may choose to accept or reject our recommendations. If you decide to proceed with our recommendations, you may do so either through our investment advisory services or by using the advisory, brokerage, or insurance provider of your choice.

#### **Pension Consulting Services**

SFP provides several defined contribution plan and defined benefit plan consulting services separately or in combination. While the primary Clients for these services will be pension, profit sharing, and 401(k) plans, SFP will also offer these services, where appropriate, to businesses, individuals, trusts, estates, and charitable organizations. Pension consulting services are comprised of four distinct services. Clients may choose to use any or all of these services:

##### *Selection of Investment Vehicles*

SFP will review various investments, consisting of one or all of the following: individual equities, bonds, other investment products, and mutual funds (both index and managed) to determine which of these investments are appropriate. The number of investments to be recommended will be determined by the Client.

##### *Monitoring of Investment Performance*

Client investments will be monitored continuously. Although SFP will not be directly effecting transactions, SFP will supervise the Client's portfolio and will make recommendations to the Client as market factors and the Client's needs dictate through periodic reviews.

##### *Employee Communications*

For pension, profit sharing and 401(k) plans where the individual account participant exercises control over assets in his/her own account (hereinafter "self-directed plans"), SFP also provides educational support and investment workshops designed for the Plan participants. The nature of the topics to be covered will be determined by SFP and the Client under the guidelines established in ERISA Section 404(c). Generally, the educational support and investment workshops will NOT provide Plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

Other pension consulting services are available on request. All of our pension consulting services, whether general or customized, will be outlined in an Agreement that shows the services that will be provided and the fees that will be charged for those services.

SFP is registered as an investment advisor and represents that it is not subject to any disqualification as set forth in Section 411 of ERISA. To the extent SFP performs Fiduciary Services, SFP is acting as a fiduciary of the Plan as defined in Section 3(21) under the Employee Retirement Income Security Act ("ERISA").

#### **Assets Under Management**

As of March 11, 2019, we manage approximately \$167,467,050 in Client assets on a discretionary basis, and \$0 in Client assets on a non-discretionary basis.

## **Fees and Compensation - Item 5**

### **Wealth Management Services Fees**

For wealth management services, SFP charges an annual fee of up to 2.50% of market value of the assets under management, subject to a minimum fee of \$7,500 per year. Wealth management fees are negotiable depending on factors such as the amount of assets under management, range of investments, and complexity of your financial circumstances, among others. Since this fee is negotiable, the exact fee paid by you will be clearly stated in the advisory agreement signed by you and us.

### **Portfolio Management Services Fees**

For portfolio management services, SFP charges an annual fee of up to 1.50% of market value of the assets under management, subject to a minimum fee of \$1,650 per year. Portfolio management fees are negotiable depending on factors such as the amount of assets under management, range of investments, and complexity of your financial circumstances, among others. Since this fee is negotiable, the exact fee paid by you will be clearly stated in the advisory agreement signed by you and us.

### **Additional information about Portfolio Management and Wealth Management Fees**

Wealth management and portfolio management fees are billed quarterly, in advance, and are based on the value of your portfolio at the end of the preceding quarter. Terms of payment are stated in the advisory agreement signed by you and us. The total fee paid by the client will never exceed 3.00% of the client's investible assets under management. We shall never have physical custody of any Client funds or securities, as the services of a qualified and independent custodian will be used for these asset management services. We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given us written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

Our annual fee is exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses. You are responsible for brokerage costs incurred. However, SFP will not receive any portion of the commissions, fees, and costs. Please see Item 12 – Brokerage Practices for further information on brokerage and transaction costs.

At the inception of investment management services, the first pay period's fees will be calculated on a pro-rata basis. The management agreement between you and SFP will continue in effect until either party terminates the management agreement in accordance with the terms of the management agreement. SFP's annual fee will be pro-rated through the date of termination. Any pre-paid, unearned fees will be promptly refunded to the Client.

### **Third Party Adviser Fees**

Advisory fees charged by third party investment advisers are separate and apart from our advisory fees. Advisory fees that you pay to third party investment advisers are established and payable in accordance with the Form ADV Brochure provided by each third party investment adviser to whom you are referred. These fees may or may not be negotiable. You should review the recommended third party adviser's brochure and take into consideration their fees along with our fees to determine the total amount of fees charged to your account. In some cases, we will share in the fee charged by the third party adviser. Generally, the combined fee charged by SFP and the third party adviser will be lower than 3% of Client assets under management. Clients are informed that a combined fee in excess of 3% of assets under management is in excess of industry norm and similar advisory services can be obtained for less. Depending on the third party adviser, Clients may or may not be able to negotiate the portion of

the third party adviser fee payable to SFP.

You will be required to sign an agreement directly with the third party adviser(s). You may terminate your advisory relationship with the third party adviser(s) according to the terms of your agreement with the third party adviser(s). You should review each adviser's brochure for specific information on how you may terminate your advisory relationship with the adviser and how you may receive a refund, if applicable. You should contact the third party adviser directly for questions regarding your advisory agreement with the third party adviser.

Since our compensation may differ depending upon our individual agreement with each third party adviser, we have an incentive to recommend one third party adviser over another third party adviser with whom we have less favorable compensation arrangements or other advisory programs offered by third party advisers with which we have no compensation arrangements. At all times SFP and its Associated Persons uphold their fiduciary duty of fair dealing with Clients.

The third party investment adviser may offer wrapped or non-wrapped pricing options. Wrap pricing structures allow the Client to pay an all-inclusive fee for management, brokerage, clearance, custody, and administrative services. In a non-wrap pricing structure, the third party investment adviser's fee may be separate from the advisory fee charged by SFP. Transaction costs may also be charged for the execution and clearance of advisory transactions directed by such third party investment advisory services. A complete description of the programs and services provided, the amount of total fees, the payment structure, termination provisions and other aspects of each program are detailed and disclosed in: i) the third party investment adviser's Form ADV Part 2A; ii) the program wrap brochure (if applicable) or other applicable disclosure documents; iii) the disclosure documents of the portfolio manager(s) selected; or, iv) the third party investment adviser's account opening documents. A copy of all relevant disclosure documents of the third party investment adviser and of the individual portfolio manager(s) will be provided to anyone interested in these programs/managers.

#### **Financial Planning Services Fees**

SFP provides its Clients financial planning and consulting services. Prior to engaging SFP to provide consulting services, the Client will be required to enter into a financial planning agreement with our firm. The Agreement will set forth the terms and conditions of the engagement and describe the scope of the services to be provided and the fee that is due from the Client. SFP charges a fixed fee of up to \$15,000 for financial planning services. Agreed upon flat fees for financial planning services are billed 50% in advance and 50% upon completion.

Other fee payment arrangements may be negotiated with the Client on a case-by-case basis. All such arrangements will be clearly set forth in the financial planning agreement signed by the Client and the firm. Fees are payable as invoiced.

Either party may terminate the financial planning agreement by written notice to the other. In the event the Client terminates SFP's financial planning services, the balance of any prepaid, unearned fees (if any) will be promptly refunded to the Client.

#### **Pension Consulting Services Fees**

The compensation arrangement for pension consulting services is based on fixed fees, or a percentage of the plan assets. Services will be negotiated on a case-by-case basis. The exact services to be provided, the fee to be paid by the Client, fee payment arrangements, how to terminate the contract, and other terms will be clearly stated in the pension consulting agreement signed by the Client and SFP.

Clients who choose to have SFP's fee deducted directly from their account must provide authorization. The qualified custodian holding Client funds and securities will send an account statement on at least a quarterly basis. This statement will detail account activity. Clients are encouraged to review each statement for accuracy.



**Additional Fees and Expenses**

The fees SFP charges are negotiable based on the amount of assets under management, complexity of Client goals and objectives, and level of services rendered. As described above, the fees are charged as described and are not based on a share of capital gains of the funds of any advisory Client.

All fees paid to SFP for investment advisory services are separate and distinct from the fees and expenses charged to shareholders by mutual funds or exchange traded funds. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge.

You could invest in a mutual fund directly, without the services of SFP. In which case, you would not receive the services provided by SFP, which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition and objectives. Accordingly, you should review both the fees charged by the funds and the fees charged by SFP to fully understand the total amount of fees to be paid by you to evaluate the advisory services being provided. Although SFP uses its best efforts to purchase lower cost mutual fund shares when available, some mutual fund companies do not offer institutional classes or funds that do not pay 12b-1 distribution fees.

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

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

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

**ERISA Accounts:** SFP is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, SFP may only

charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset SFP's advisory fees.

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

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

### **Compensation for the Sale of Investment Products**

#### Compensation for the Sale of Securities

Certain Executive officers and other Associated Persons of SFP are registered representatives of LPL Financial Corporation ("LPL"), a licensed full service securities broker-dealer and investment adviser under federal and state securities laws, located in San Diego, California. LPL is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives, is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted compliance procedures and a code of ethics that requires our Associated Persons to uphold their fiduciary duty by acting in the best interest of the Client. **Clients of our firm have the option to purchase investment products that we recommend through other brokers and agents that are not affiliated with our firm.**

#### Compensation for the Sale of Insurance Products

Certain Executive officers and other Associated Persons of SFP are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. **Clients of our firm are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.**

### **Performance-Based Fees and Side-By-Side Management - Item 6**

Performance-based fees are based on a share of capital gains on or capital appreciation of the Client's assets. Our Associated Persons and we do not accept performance-based fees.

### **Types of Clients - Item 7**

We generally offer investment advisory services to individuals, pension and profit sharing plans and participants, trusts, estates, foundations, charitable organizations, corporations, and other business entities.

SFP does not require a minimum account size to establish an advisory relationship.

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

SFP advisors may use various methods to determine an appropriate investment strategy for your portfolio with the goal of reducing risk and increasing performance in each customized portfolio. We seek to recommend investment strategies or products that will give you a diversified portfolio consistent with your investment objective. We do this by analyzing the various products, investment strategies, and money management firms to which we provide access. That analysis includes a review of the structure, cost, and investment performance history of each program.

#### **Methods of Analysis**

SFP uses Fundamental and Technical analysis in formulating investment advice:

Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, trying to determine a company's or a security's true value by looking at all aspects of the business, including both tangible factors (e.g., machinery buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

Technical Analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall. Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

#### **Investment Strategies**

We may use one or more of the following investment strategies when advising you on investments:

- *Long Term Purchases* – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

- *Short Term Purchases* – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.
- *Trading* – securities are sold within 30 days. The principal type of risk associated with trading is market risk. There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies. Additionally, trading is speculative. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets and such intervention (as well as other factors) may cause these markets to move rapidly.
- *Margin Transactions* – margin strategies allow an investor to purchase securities on credit and to borrow on securities already in their custodial account. Interest is charged on any borrowed funds for the period of time that the loan is outstanding. When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your broker-dealer. If you intend to borrow funds in connection with your account, you will be required to open a margin account, which will be carried by the broker-dealer of your account. The securities purchased in such an account are the broker-dealer's collateral for its loan to you. If the securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and, as a result, a brokerage firm is required to take action, such as issue a margin call and/or sell securities or other assets in your accounts, in order to maintain necessary level of equity in the account. It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin Account that may be established as a part of our advisory services and held by your broker-dealer. These risks include the following:
  - You can lose more funds than you deposit in your margin account.
  - The broker-dealer can force the sale of securities or other assets in your account.
  - The broker-dealer can sell your securities or other assets without contacting you.
  - You may not be able to choose which securities or other assets in your margin account are liquidated or sold to meet a margin call.
  - The broker-dealer may move securities held in your cash account to your margin account and pledge the transferred securities.
  - You may not be entitled to an extension of time on a margin call.
- *Option Writing* – an option is the right either to buy or sell a specified amount or value of a particular underlying investment instrument at a fixed price (i.e. the "exercise price") by exercising the option before its specified expiration date. Options giving you the right to buy are called "call" options. Options giving

you the right to sell are called “put” options. When trading options on behalf of a Client, we generally use covered options. Covered options involve options trading when you own the underlying instrument on which the option is based. Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

### **Risk of Loss**

Clients should be aware that investing in securities involves a risk of loss that they should be prepared to bear. Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal. Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

There are certain additional risks associated with investing in securities, as described below:

### **Recommendation of Particular Types of Securities**

As disclosed under the “Advisory Business” section in this Brochure, we provide advice on various types of securities and we do not necessarily recommend one particular type of security over another since each Client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

**Loss of Value:** There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and governmental economic or monetary policies.

**Interest Rate Risk:** Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Foreign Exchange Risk:** Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value,

the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

**Equity (stock) Market Risk:** Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

**Company Risk:** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

**Fixed Income Risk:** When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk. In addition pricing risk if not held to maturity and interest rate move.

**Risks Associated with Investing in Mutual Funds:** Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns.

**Risks Associated with Investing in Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

**Management Risk:** Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

**Municipal Securities Risk:** The value of municipal obligations can fluctuate over time, and may be affected by adverse political, legislative and tax changes, as well as by financial developments that affect the municipal issuers. Because many municipal obligations are issued to finance similar projects by municipalities (e.g., housing, healthcare, water and sewer projects, etc.), conditions in the sector related to the project can affect the overall municipal market. Payment of municipal obligations may depend on an issuer's general unrestricted revenues, revenue generated by a specific project, the operator of the project, or government appropriation or aid. There is a greater risk if investors can look only to the revenue generated by the project. In addition, municipal bonds generally are traded in the "over-the-counter" market among dealers and other large institutional investors. From time to time, liquidity in the municipal bond market (the ability to buy and sell bonds readily) may be reduced in

response to overall economic conditions and credit tightening.

**Alternatives Risk:** Non-traded REITs, business development companies, limited partnerships, and direct alternatives are subject to various risks such as liquidity and property devaluation based on adverse economic and real estate market conditions and may not be suitable for all investors. A prospectus that discloses all risks, fees, and expenses may be obtained from your advisor. Read the prospectus carefully before investing. This is not a solicitation or offering which can only be made in conjunction with a copy of the prospectus. Investors considering an investment strategy utilizing alternative investments should understand that alternative investments are generally considered speculative in nature and may involve a high degree of risk, particularly if concentrating investments in one or few alternative investments.

**Foreign Securities Risk:** Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

**Risks Associated with Investing in Private Funds:** Private investment funds are not registered with the Securities and Exchange Commission and may not be registered with any other regulatory authority. Accordingly, they are not subject to certain regulatory restrictions and oversight to which other issuers are subject. There may be little public information available about their investments and performance. Moreover, as sales of shares of private investment companies are generally restricted to certain qualified purchasers, it could be difficult for a Client to sell its shares of a private investment company at an advantageous price and time. Since shares of private investment companies are not publicly traded, from time to time it may be difficult to establish a fair value for the Client's investment in these companies.

**Risks Associated with Investing in Options:** Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

**Illiquid securities:** Illiquid securities involve the risk that investments may not be readily sold at the desired time or price. Securities that are illiquid, that are not publicly traded and/or for which no market is currently available may be difficult to purchase or sell, which may impact the price or timing of a transaction. An inability to sell securities can adversely affect an account's value or prevent an account from taking advantage of other investment opportunities. Lack of liquidity may cause the value of investments to decline and illiquid investments may also be difficult to value. A client may not be able to liquidate investment in the event of an emergency or any other reason.

Certain investment strategies used by our firm may invest in illiquid asset vehicles, such as private equity and real estate. Investment in an illiquid asset vehicle poses similar risks as direct investments in illiquid securities. In addition, investment in an illiquid asset vehicle will be subject to the terms and conditions of the illiquid asset



vehicle's investment policy and governing documents which often include provisions that may involve investor lock-in periods, mandatory capital calls, redemption restrictions, infrequent valuation of assets, etc. In addition, investments in illiquid securities or vehicle may normally involve investment in non-marketable securities where there is limited transparency. If obligated to sell an illiquid security prior to an expected maturity date, particularly with an infrastructure investment, they may not be able to realize fair value. Investments in illiquid securities or vehicles may include restrictions on withdrawal rights and shares may not be freely transferable.

#### **Disciplinary Information - Item 9**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our advisory business or of the integrity of our management. Neither we nor our management persons have a history of material legal or disciplinary events.

#### **Other Financial Industry Activities or Affiliations - Item 10**

Neither SFP nor any of its management persons is registered as a futures commission merchant, an introducing broker, a commodity trading adviser, or a commodity pool operator, nor do either parties have an application pending or otherwise in process for the purpose of seeking registration as any of these types of firms. Further, none of our management persons are registered as or currently seeking registration as associated persons of any of these types of firms.

##### **Compensation for the Sale of Securities**

Certain Executive officers and other Associated Persons of SFP are registered representatives of LPL Financial Corporation ("LPL"), a licensed full service securities broker-dealer and investment adviser under federal and state securities laws, located in San Diego, California. LPL is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives, is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted compliance procedures and a code of ethics that requires our Associated Persons to uphold their fiduciary duty by acting in the best interest of the Client. **Clients of our firm have the option to purchase investment products that we recommend through other brokers and agents that are not affiliated with our firm.**

##### **Compensation for the Sale of Insurance Products**

Certain Executive officers and other Associated Persons of SFP are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. **Clients of our firm are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.**



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

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

#### **Recommendation of Other Advisors**

We may recommend that you use a third party investment adviser or program as part of our asset allocation and investment strategy. In some cases, SFP will share in the compensation received by the third party investment adviser. As a result of these such arrangements, we are incentivized to recommend only the investment advisers from whom we receive solicitor/referral fees as opposed to another investment adviser from whom we do not receive such fees. We continually monitor other investment advisers that we might recommend under a solicitor arrangement. In the event that such investment advisers are not meeting the standards that we believe meet your needs, we will seek other investment advisers that may be a better fit for your specific management needs.

### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Item 11**

#### **Description of Our Code of Ethics**

SFP has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes SFP'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.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- 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.

A copy of SFP's Code of Ethics is available upon request to our firm at (503) 467-7832 or via email at [grant@advisoryfirm.com](mailto:grant@advisoryfirm.com).

#### **Interest in Client Transactions**

Please refer to Compensation for the Sale of Securities in Item 10 above for information about the recommendation of securities in which related persons has a material financial interest and the conflicts of interest associated with such practices.

#### **Personal Trading Practices**

At times, SFP and/or its related persons may take positions in the same securities as Clients. Such practice will pose a conflict of interest with Clients. SFP and its related persons will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to Client trades. We will not violate our fiduciary responsibilities to our Clients. Front running (trading shortly ahead of Clients) is prohibited. Should a conflict occur because of materiality (e.g., a thinly traded stock), disclosure will be made to the Client(s) at the time of trading. Incidental trading not deemed to be a conflict (e.g., a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price) would not be disclosed at the time of trading.

### **Brokerage Practices - Item 12**

SFP recommends that you establish brokerage accounts with LPL Financial LLC ("LPL"), a registered broker-dealer and member SIPC, to maintain custody of assets and to effect trades. Factors which SFP considers in recommending LPL to clients include their respective financial strength, reputation, execution, pricing, research and service. LPL enables SFP to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by LPL may be higher or lower than those charged by other Financial Institutions.

LPL provides SFP with access to its institutional trading and custody services, which are typically not available to retail investors. LPL services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

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

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

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

The commissions paid by SFP's clients comply with SFP's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where SFP determines that the commissions are reasonable in relation to the value of the brokerage

and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. SFP seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

We do not receive Client referrals from broker-dealers and custodians with which we have an institutional advisory arrangement. In addition, we do not receive other benefits from a broker-dealer in exchange for Client referrals.

#### **Trade Aggregation**

While individual Client advice is provided to each account, Client trades can be executed as a block trade. The executing broker will be informed that the trades are for the account of SFP's Clients and not for SFP itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and receive the same commission rate. The aggregation should, on average, reduce slightly the costs of execution. We will not aggregate a Client's order if in a particular instance we believe that aggregation would cause the Client's cost of execution to be increased. The broker dealer will be notified of the amount of each trade for each account. SFP and/or its Associated Persons may participate in block trades with Clients, and may also participate on a pro rata basis for partial fills, but only after the determination has been made that Clients will receive fair and equitable treatment.

### **Review of Accounts - Item 13**

#### **Portfolio Management Account Reviews**

SFP monitors Client account holdings on a continuous basis and conducts formal account reviews at least annually. Accounts are reviewed by the CCO or the Associated Person assigned to the account. Additional reviews may be offered in certain circumstances. Triggering factors that may stimulate additional reviews include, but are not limited to, changes in economic conditions, changes in the Client's financial situation or investment objectives, or upon Client request.

A financial plan is a snapshot in time and no ongoing reviews are conducted, unless you have engaged us for annual retainer services or periodic updates. We recommend a plan review at least annually.

Clients will receive statements directly from their account custodian(s) on at least a quarterly basis. Clients also receive online access to their personal financial situation that may include net worth statements, account overviews, asset allocations, cash flow reports, income and expense statements, and a summary of objectives and progress towards meeting those objectives.

### **Client Referrals and Other Compensation - Item 14**

SFP has brokerage and clearing arrangements with LPL and the firm may receive additional benefits from LPL in the form of electronic delivery of Client information, electronic trading platforms, institutional trading support, proprietary and/or third party research, continuing education, practice management advice, and other services provided by custodians for the benefit of investment advisory Clients. Please refer to item 12 above for more information about the receipt of additional benefits from broker dealers.

**Recommendation of Other Advisors**

We may recommend that you use a third party investment adviser or program as part of our asset allocation and investment strategy. In these cases, SFP will share in the compensation received by the third party investment adviser. The compensation arrangement presents a conflict of interest due to a financial incentive to recommend the services of a third party investment adviser. Since our compensation may differ depending upon our individual agreement with each third party adviser, we have an incentive to recommend one third party adviser over another third party adviser with whom we have less favorable compensation arrangements or other advisory programs offered by third party advisers with which we have no compensation arrangements. At all times SFP and its Associated Persons uphold their fiduciary duty of fair dealing with Clients. You are not required to use the services of any recommended third party investment adviser.

Our firm and our Associated Persons do not compensate, either directly or indirectly, any person or entity who is not our supervised person for client referrals.

**Custody - Item 15**

SFP is deemed to have custody of Client funds because of the fee deduction authority granted by the Client in the Advisory Agreement. The custodian will not verify the calculation of the advisory fees. You will receive account statements at least quarterly from the broker-dealer or other qualified custodian. You are urged to review custodial account statements for accuracy.

**Investment Discretion - Item 16**

SFP offers Portfolio Management Services on a discretionary basis. Clients must grant discretionary authority in the management agreement. Discretionary authority extends to the types and amounts of securities to be bought and sold in Client accounts. Apart from the ability to withdraw management fees, SFP does not have the ability to withdraw funds or securities from the Client's account. The Client provides SFP discretionary authority via a limited power of attorney in the management agreement and in the contract between the Client and the custodian. If you wish, you may limit our discretionary authority, for example, by setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

If you have engaged us for non-discretionary portfolio management services, SFP will obtain your approval prior to executing all transactions in your account(s).

**Voting Client Securities - Item 17**

SFP does not vote proxies. It is the Client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

**Financial Information - Item 18**

We are required in this Item to provide you with certain financial information or disclosures about SFP's, financial condition. SFP does not require the prepayment of over \$1,200, six or more months in advance. Additionally, SFP has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and it has not been the subject of a bankruptcy proceeding.

**Requirements of State-Registered Advisers - Item 19**

**This section is not applicable because our firm is SEC registered.**



Strategic Financial Partners, Ltd.

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**August 28, 2019**

**Form ADV Part 2A, Appendix 1:  
Wrap Fee Program Brochure**

Strategic Financial Partners, Ltd. is a registered investment adviser. An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This wrap fee program brochure provides information about the qualifications and business practices of Strategic Financial Partners, Ltd. If you have any questions about the contents of this brochure, please contact us at (503) 467-7832. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Strategic Financial Partners, Ltd. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Material Changes - Item 2**

The purpose of this page is to inform you of any material changes since the previous version of this wrap fee brochure. This is our firm's first wrap fee brochure; therefore, we have not made any material changes.

On August 28, 2019, we completed a rewrite of this entire brochure. Clients should read the entire document to familiarize themselves with our firm.

We review and update our brochure at least annually to make sure that it remains current.

If you would like to receive a complete copy of our current brochure free of charge at any time, please contact us at (503) 467-7832 or via email at [grant@advisoryfirm.com](mailto:grant@advisoryfirm.com).

### **Table of Contents - Item 3**

**Please see table of contents on page 3 of this document**

#### **Services Fees and Compensation - Item 4**

##### **Services**

Strategic Financial Partners, Ltd. (hereinafter "SFP") offers a wrap fee program, the SFP Wrap Fee Program, whereby SFP manages Client accounts for a single, bundled fee that includes portfolio management services, custodial services, and transaction/commission costs. Under the SFP Wrap Fee Program, SFP offers discretionary investment advice designed to assist Clients in obtaining professional portfolio management for an inclusive "wrap fee."

You may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, employee, and all individuals providing investment advice on behalf of our firm. Where required, such persons are properly registered as investment adviser representatives.

As primary portfolio manager, SFP and its Associated Persons are responsible for the research, security selection, and implementation of transaction orders in the Client's account. The transactions in the Client's account will be executed by LPL Financial LLC ("LPL"), a registered broker dealer and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

SFP receives a portion of the Wrap Fee for portfolio management services and LPL will receive a portion of the fee for trade execution and custodial expenses. The terms and conditions under which a Client participates in the SFP Wrap Fee Program are set forth in the written agreement between the Client and SFP. The overall cost incurred from participation in the SFP Wrap Fee Program may be higher or lower than if the services were purchased separately.

The portfolio management services for the SFP Wrap Fee Program are offered on a discretionary basis. Our investment advice is tailored to meet our Clients' needs and investment objectives. Subject to any written guidelines that you may provide, we will be granted discretionary authority to manage your account. Once the portfolio allocation has been agreed upon, the ongoing supervision and management of the portfolio will be our responsibility. Discretionary authorization is granted to us by you in a written agreement. This allows our firm to decide on specific securities, the quantity of the securities and placing buy or sell orders for your account without obtaining your approval for each transaction. This type of authorization is granted using either the investment advisory agreement the Client signs with our firm, a limited power of attorney agreement, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with restrictions and guidelines in writing.

Wrap accounts are managed to diversify Clients' investments and may include various types of securities such as exchange listed equities, over the counter equities, foreign issues, American depository receipts, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (including mutual funds and exchange traded funds), US Government securities, options contracts on securities and/or commodities, private equity instruments, and interests in partnership investing in real estate. Additionally, we will provide advice on existing investments you may hold at the inception of the advisory relationship or on other types of investments for which you ask advice. Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Asset allocation models diversified among investment styles and/or asset classes are developed and managed by us based on research conducted by SFP. We may also rely on portfolio models developed by third party investment advisers. Once the Client portfolio is constructed, SFP provides continuous supervision of the portfolio as changes in the market conditions and Client circumstances may require. Investments and allocations are determined based



upon the Clients' predefined objectives, risk tolerance, time horizons, financial horizons, financial information, and other various suitability factors. Further restrictions and guidelines imposed by Clients may affect the composition and performance of a Client's portfolio. For these reasons, performance of the portfolio might not be identical with other Clients of SFP. We review the Clients' financial circumstances and investment objectives on an ongoing basis and make adjustments to Clients' portfolios or allocation models as may be necessary to achieve the desired results.

In providing the contracted services, we are not required to verify any information we receive from you or from your other professionals (e.g., attorney, accountant, etc.) and we are expressly authorized to rely on the information you provide. You must promptly notify our firm of any changes in your financial circumstances or investment objectives that might affect the manner in which your accounts should be managed.

### **Fees**

SFP charges a single negotiable asset-based fee for its management services, which includes the cost of portfolio management services, custodial services and the execution of securities transactions. This fee is deducted from the Client's account held at the custodian. The Client authorizes SFP to debit the fee from the Client's account. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance.

Since the fee is negotiable, the exact fee paid by you will be stated in the advisory agreement signed by you and us. The maximum fee will not exceed 1.50% and will be outlined on the Advisory Services Agreement. The Portfolio Manager servicing the account receives up to 97% of the program fee.

The annual fee for the SFP Wrap Fee Program is billed quarterly, in advance, and is based on the value of your portfolio at the end of the preceding quarter. Fees will be assessed pro rata in the event the Agreement is executed at any time other than the first day of a billing period. We may deduct the fee from a single, Client-designated account to facilitate billing.

We encourage you to carefully review the statements you receive from the qualified custodian. If you have questions about your statements, or if you did not receive a statement from the qualified custodian, please call our office number located on the cover page of this brochure.

### **Termination**

At the inception of investment management services, the first pay period's fees will be calculated on a pro-rata basis. The management agreement between you and SFP will continue in effect until either party terminates the management agreement in accordance with the terms of the management agreement. SFP's annual fee will be pro-rated through the date of termination. Any pre-paid, unearned fees will be promptly refunded to the Client.

### **Additional Fees and Expenses**

The fees are charged as described above and are not based on a share of capital gains of the funds of an advisory Client.

The SFP Wrap Fee Program fees do not include mark-ups and mark-downs, dealer spreads or other costs associated with the purchase or sale of securities, interest, taxes, or other costs, such as national securities exchange fees, charges for transactions not executed through LPL, costs associated with exchanging currencies, wire transfer fees, or other fees required by law or imposed by third parties. The Account will be responsible for these additional fees and expenses.

All fees paid to SFP for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds to their shareholders. These fees and expenses are described in each

fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a Client may pay an initial or deferred sales charge.

Each mutual fund, ETF, or variable annuity in which the Account may be invested will also charge a management fee, other internal expenses, and a possible distribution fee. Certain mutual funds offered through the SFP Wrap Fee Program may impose short-term trading charges (typically 1% - 2% of the amount originally invested) for redemptions made within short periods of time. In the rare event an early redemption charge is assessed, the charge would be offset by the advisory fee or paid by SFP.

All of the fees and expenses discussed above will be indirect expenses borne by the Account, and will be in addition to the SFP Wrap Fee Program fee. You should consider all of these fees and expenses (including the SFP Wrap Fee Program fee) to fully understand the total amount of fees and expenses to be paid by the Account and to evaluate the advisory services being provided. The fees and expense related to mutual funds, ETFs, or variable annuities are disclosed in their respective prospectus or summary disclosure document.

### **Other Important Considerations**

- Wrap fee programs may not be suitable for all investment needs, and any decision to participate in a wrap fee program should be based on your financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations. The benefits under a wrap fee program depend, in part, upon the size of the account and the number of transactions likely to be generated in the account. For example, a wrap fee program is not suitable for accounts with little trading activity. In order to evaluate whether a wrap fee program is suitable for you, you should compare the SFP Wrap Fee Program fee and any other costs associated with the SFP Wrap Fee Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and other execution costs, and custodial services comparable to those provided under the SFP Wrap Fee Program.
- In determining whether to establish a SFP Wrap Fee Program account, you are advised that the overall cost of the SFP Wrap Fee Program may be higher or lower than you might otherwise incur by purchasing separately the types of securities available in the SFP Wrap Fee Program. In order to compare the cost of the SFP Wrap Fee Program with unbundled services, you should consider the turnover rate in our investment strategies, trading activity in the account, and standard advisory fees and brokerage commissions that would be charged at LPL, or at other broker-dealers and investment advisers.
- The advisory fee also may cost the Client more than if assets were held in a traditional brokerage account. In a brokerage account, a Client is charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the Client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the Client should consider opening a brokerage account rather than a wrap fee program account.
- The investment products available to be purchased in the wrap fee program can be purchased by Clients outside of a wrap fee program account, through broker-dealers or other investment firms not affiliated with SFP.
- Our firm and our advisory representatives will receive compensation as a result of your participation in the SFP Wrap Fee Program. This compensation may be more than the amount our firm or the representative would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and our representatives have a financial incentive to recommend the SFP Wrap Fee Program, and may recommend the SFP Wrap Fee Program over other programs or services for which the compensation arrangements are not as beneficial.
- Due to the single fee charged to a SFP Wrap Fee Program account, we are regarded as having a conflict of interest in that we may realize a greater profit on a SFP Wrap Fee Program account with a relatively low rate of portfolio turnover compared to other types of accounts, assuming the same level of fees.

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

We generally offer investment advisory services to individuals, pension and profit sharing plans and participants, trusts, estates, foundations, charitable organizations, corporations, and other business entities.

SFP does not require a minimum account size to establish a Wrap Fee Program account.

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

##### **Portfolio Managers**

SFP is the sole sponsor and portfolio manager of the SFP Wrap Fee Program. Each account is managed by the Associated Person assigned to the Client relationship. We may also rely on various portfolio models developed by third party investment advisers. We have chosen not to utilize outside portfolio managers. Therefore, there is no selection and review of outside portfolio managers. Neither us, nor any third party reviews performance information to determine or verify its accuracy. Certain Associated Persons of our firm have opted to place all of their Clients' accounts in the SFP Wrap Fee Program. These Associated Persons reimburse LPL for all transactions in their Client's accounts. As such, the total fee paid by the Client for the management of his/her account does not increase if the Client is placed in a SFP Wrap Fee Program account.

Where required, Associated Persons responsible for the management of the account are registered as investment adviser representatives. Clients should refer to each Associated Person's Form ADV Part 2B Supplement, provided to you along with the copy of our disclosure brochure, for more information about their disciplinary, business and educational backgrounds. Please contact us at (503) 467-7832 with any questions you may have.

Clients will receive statements directly from their account custodian(s) on at least a quarterly basis. SFP may also provide performance reports on an as needed basis.

##### **Other Investment Advisory Services Offered by SFP**

Please refer to Item 4 of our Form ADV Part 2A Brochure above for more information about portfolio management services and financial planning services.

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

SFP does not accept performance based fees. Performance based fees are based on a share of capital gains on or capital appreciation of Client assets.

##### **Investment Strategies**

Please refer to Item 8 of our Form ADV Part 2A Brochure above for more information about our investment strategies.

##### **Methods of Analysis**

Please refer to Item 8 of our Form ADV Part 2A Brochure above for more information about our methods of analysis.

##### **Risk of Loss**

Clients should be aware that investing in securities involves a risk of loss that they should be prepared to bear. Past performance is not indicative of future results. Therefore, you should never assume that future performance of

any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal. Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. Please refer to Item 8 of our Form ADV Part 2A Brochure above for a detailed discussion of the various risks associated with investing in securities.

**Proxy Voting**

SFP does not vote proxies. It is the Client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

**Client Information Provided to Portfolio Managers - Item 7**

SFP is the sole sponsor of the SFP Wrap Fee Program and together with its portfolio managers has access to and is responsible for maintaining all information provided by Clients. Client information will be updated in the company records upon notification of changes provided by Clients and during Client meetings between SFP and Clients.

**Confidentiality**

SFP views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, it has instituted policies and procedures to ensure that customer information is kept private and secure. SFP does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a Client account, SFP may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers.

SFP restricts internal access to nonpublic personal information about its Clients to those employees who need to know that information in order to provide products or services to the Client. SFP maintains physical and procedural safeguards that comply with state and federal standards to guard a Client's nonpublic personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be SFP's policy never to sell information about current or former customers or their accounts to anyone. It is also SFP's policy not to share information unless required to process a transaction, at the request of the Client, or as required by law.

A copy of SFP's privacy policy notice will be provided to each Client prior to, or contemporaneously with, the execution of the agreement(s) for services. Thereafter, SFP will deliver a copy of the current privacy policy notice to its Clients upon any material changes to its privacy policies and practices. If you have any questions regarding your privacy, please contact our firm at (503) 467-7832.

**Client Contact with Portfolio Managers - Item 8**

SFP is the sole sponsor and portfolio manager for the SFP Wrap Fee Program. Clients are free to contact the portfolio managers at any time with questions regarding the SFP Wrap Fee Program. We can be reached at (503) 467-7832.

## **Additional Information - Item 9**

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our advisory business or of the integrity of our management. Neither we nor our management persons have a history of material legal or disciplinary events.

### **Other Financial Industry Activities or Affiliations**

Please refer to Item 10 of our Form ADV Part 2A Brochure above for more information about our other financial industry activities and/or affiliations.

### **Description of Our Code of Ethics**

SFP has adopted a Code of Ethics (the “Code”) to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes SFP’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.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee’s position of trust and responsibility;
- 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.

A copy of SFP’s Code of Ethics is available upon request to our firm at (503) 467-7832.

### **Interest in Client Transactions**

Please refer to Compensation for the Sale of Securities in Item 10 above for information about the recommendation of securities in which related persons has a material financial interest and the conflicts of interest associated with such practices.

### **Personal Trading Practices**

At times, SFP and/or its related persons may take positions in the same securities as Clients, which may pose a conflict of interest with Clients. SFP and its related persons will generally be “last in” and “last out” for the trading day when trading occurs in close proximity to Client trades. We will not violate our fiduciary responsibilities to our Clients. Front running (trading shortly ahead of Clients) is prohibited. Should a conflict occur because of materiality (e.g., a thinly traded stock), disclosure will be made to the Client(s) at the time of trading. Incidental trading not deemed to be a conflict (e.g., a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price) would not be disclosed at the time of trading.

### **Account Reviews, Statements and Reports**

SFP monitors Client account holdings on a continuous basis and conducts formal account reviews at least annually. Accounts are reviewed by the CCO or the Associated Person assigned to the account. Additional reviews may be offered in certain circumstances. Triggering factors that may stimulate additional reviews include, but are not limited to, changes in economic conditions, changes in the Client’s financial situation or investment objectives, or upon Client request.

A financial plan is a snapshot in time and no ongoing reviews are conducted, unless you have engaged us for annual retainer services or periodic updates. We recommend a plan review at least annually.

Clients will receive statements directly from their account custodian(s) on at least a quarterly basis. Clients also receive online access to their personal financial situation that may include net worth statements, account overviews, asset allocations, cash flow reports, income and expense statements, and a summary of objectives and progress towards meeting those objectives.

#### **Brokerage Practices**

SFP executes all transactions through LPL. LPL is an unaffiliated broker-dealer, and a member of FINRA and the SIPC. SFP has chosen LPL on the basis of a number of factors, including quality of service, fees, reputation, accountability, and security of assets. The fees and commissions charged by LPL may be higher or lower than other broker dealers or custodians, depending on the type of transaction. SFP considers the services provided by LPL to be high-quality and the fees charged to be comparable or favorable to those charged by other broker-dealers or custodians.

#### **Client Referrals and Other Compensation**

SFP receives additional benefits from LPL such as electronic delivery of Client information, electronic trading platforms, institutional trading support, proprietary and/or third party research, continuing education, practice management advice, and other services provided by custodians for the benefit of investment advisory Clients.

The receipt of additional benefits gives us an incentive to require that you maintain your account with LPL based on our interest in receiving additional services from these broker dealers rather than your interest in receiving the best value and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that our selection of LPL as broker dealer/custodian is in the best interests of our Clients. Our belief is primarily supported by the scope and quality of services LPL provides to our Clients and not services that benefit only us. Please refer to Item 12 of our Form ADV Part 2A Brochure above for more information about the receipt of additional benefits from broker dealers.

To address the existence of this conflict, on a periodic basis, we conduct a best execution review considering the full range and quality of LPL's services, including execution quality, commission rate, the value of research provided, financial strength, and responsiveness to our requests for trade data and other information. Our obligation is not necessarily to get the lowest price but to obtain the best qualitative execution.

SFP has brokerage and clearing arrangements with LPL and the firm may receive additional benefits from LPL in the form of electronic delivery of Client information, electronic trading platforms, institutional trading support, proprietary and/or third party research, continuing education, practice management advice, and other services provided by custodians for the benefit of investment advisory Clients. Please refer to item 12 above for more information about the receipt of additional benefits from broker dealers.

Our firm and our Associated Persons do not compensate, either directly or indirectly, any person or entity who is not our supervised person for client referrals.

#### **Recommendation of Other Advisors**

We may recommend that you use a third party investment adviser or program as part of our asset allocation and investment strategy. In these cases, SFP will share in the compensation received by the third party investment adviser. The compensation arrangement presents a conflict of interest due to a financial incentive to recommend the services of a third party investment adviser. You are not required to use the services of any recommended third party investment adviser.

**Financial Information**

We are required in this Item to provide you with certain financial information or disclosures about SFP's, financial condition. SFP does not require the prepayment of over \$1,200, six or more months in advance. Additionally, SFP has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and it has not been the subject of a bankruptcy proceeding.

**Requirements for State-Registered Advisors - Item 10**

**This section is not applicable because our firm is SEC registered**

**Strategic Financial Partners, Ltd. Privacy Notice**

This notice is being provided to you in accordance with the Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P"). Please take the time to read and understand the privacy policies and procedures that we have implemented to safeguard your nonpublic personal information.

**INFORMATION WE COLLECT**

Strategic Financial Partners, Ltd. (SFP) must collect certain personally identifiable financial information about its customers to provide financial services and products. The personally identifiable financial information that we gather during the normal course of doing business with you may include:

- information we receive from you on applications or other forms;
- information about your transactions with us, our affiliates, or others;
- information we receive from a consumer reporting agency.

**INFORMATION WE DISCLOSE**

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted or required by law, or as necessary to provide services to you. In accordance with Section 248.13 of Regulation S-P, we may disclose all of the information we collect, as described above, to certain nonaffiliated third parties such as our attorneys, accountants, auditors and persons or entities that are assessing our compliance with industry standards. We enter into contractual agreements with all nonaffiliated third parties that prohibit such third parties from disclosing or using the information other than to carry out the purposes for which we disclose the information.

**CONFIDENTIALITY AND SECURITY**

We restrict access to nonpublic personal information about you to those Employees who need to know that information to provide financial products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

**ACCURACY**

SFP strives to maintain accurate personal information in our client files at all times. However, as personal

situations, facts and data change over time; we encourage our clients to provide feedback and updated information to help us meet our goals.