



Item 1: Cover Page

Part 2A of Form ADV: Firm Brochure

Stratos Investment Management, LLC

3750 Park East Drive, Suite 200

Beachwood, OH 44122

440-210-4900

Fax 855-863-4623

www.stratosinvestmentmanagement.com

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This brochure provides information about the qualifications and business practices of Stratos Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at (866) 553-9882 or by email at: investing@stratosinvestmentmanagement.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Stratos Investment Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Stratos Investment Management, LLC is registered with the U.S. Securities and Exchange Commission. Note, however, that such registration does not imply a certain level of skill or training. The oral and written communications we provide to you, including this brochure, is information you use to evaluate us (and other advisers) which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship.

Item 2: Material Changes

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Program Brochure.

Clients wishing to receive a complete copy of this brochure may download it from the SEC Website as indicated on page 1 of this brochure or contact our Chief Compliance Officer at 440-519-2500.

This section describes the material changes to Stratos Investment Management's brochure since its last filing.

The material changes since the last ADV amendment in March of 2023 are as follows:

- Fundamentum, LLC has changed its name to Stratos Investment Management, LLC; and
- Stratos Investment Management added a Custom Indexing Model(See Item 4: Advisory Business).

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Item 4: Advisory Business

Introduction

Stratos Investment Management, LLC ("SIM") is wholly owned by Stratos Intermediate Holdco LLC within the Stratos Wealth Holdings, LLC family of companies and has been a registered investment adviser since 2016. Stratos Intermediate Holdco LLC is a holding company which owns two other registered investment advisers and a limited purpose broker-dealer, member FINRA/SIPC.

1. Stratos Wealth Partners, Ltd. ("SWP"), a retail investment firm offering advice primarily through Investment Advisor Representatives ("IARs") who are securities licensed through LPL Financial Corporation ("LPL Financial"), Member FINRA/SIPC.
2. Stratos Wealth Advisors, LLC ("SWA"), a retail investment firm offering advice primarily through IARs who are not securities licensed.
3. Stratos Wealth Securities, LLC ("SWS"), a limited purpose broker-dealer, Member FINRA/SIPC. SWS does not process securities transactions or maintain client accounts.

Please see Item 10 for more information.

Overview

SIM acts as portfolio manager for wrap fee programs sponsored by its affiliated registered investment advisers, SWP and SWA. SIM also provides subadvisory services to IARs of SWP and SWA on a non-wrap fee basis. Finally, Stratos Investment Management provides subadvisory services to IARs of Lineweaver Wealth Advisors, LLC on a non-wrap fee basis. SIM offers ongoing portfolio management based on the individual goals, objectives, time horizon, and risk tolerance of each client.

The wrap fee program allows the client to pay one stated fee that includes management fees and transaction costs. SIM also provides its services on a non-wrap fee basis generally in situations where wrap fee programs are not permitted or economically unfeasible. Clients may end up paying more or less in a wrap fee program than in a non-wrap fee program.

SIM primarily acts as a subadviser to IARs. Its portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Portfolio construction
- Risk tolerance
- Regular portfolio monitoring

SIM will typically require discretionary authority in order to select securities and execute transactions without permission from the client prior to each transaction.

As of December 31, 2022, SIM had approximately \$1,138,000,000 in assets under management on a discretionary basis and \$0 in assets under management on a non-discretionary basis.

SIM's investment decisions are driven by the Investment Policy Statement ("IPS") for each Strategy. Tax considerations are secondary to asset allocation decisions.

SIM has agreements with the following broker-dealer custodians:

- Fidelity Brokerage Services, LLC and National Financial services, LLC, Member FINRA/SIPC;
- Charles Schwab, Member FINRA/SIPC; and
- LPL Financial, Member FINRA/SIPC.

The choice of custodian is determined by the primary advisor and/or client.

SIM seeks to provide investment decisions that are made in accordance with the fiduciary duties owed to its accounts and without consideration of SIM's economic, investment or other financial interests. To meet its fiduciary obligations, SIM attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios. Accordingly, SIM's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is SIM's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time. Clients should refer to below for further details regarding SIM's model portfolios.

Description of Model Portfolios

SIM Tactical Models

Accounts managed based on a SIM Tactical Model Portfolio will be managed similar to other clients utilizing this model. There are no guarantees a portfolio managed based on a model will ensure positive results. Past performance is no guarantee of future results. Further, any model account assembled based on prior performance analysis has the benefit of having knowledge of all facts of the market and performance of securities after the fact. SIM provides portfolio management services for the Tactical Models on both a wrap and a non-wrap fee basis.

- The **Tactical Conservative Composite** contains all discretionary portfolios managed to the SIM Tactical Conservative strategy. This composite is a Tactical Conservative strategy consisting of primarily mutual funds, but can include exchange traded products, closed end funds, and individual securities (equities or bonds). The benchmark for this strategy is a 35%/65% mix of the MSCI All

Country World Investable Market Index Net Return and the Barclays Capital US Aggregate Bond Total Return index. Its inception year is 2011, and the account minimum is \$100,000.

- The **Tactical Moderate Composite** contains all discretionary portfolios managed to the SIM Tactical Moderate strategy. This composite is a Tactical Moderate strategy consisting of primarily mutual funds, but can include exchange traded products, closed end funds, and individual securities (bonds or equities). The benchmark for this strategy is a 55%/45% mix of MSCI All Country World Investable Market Index Net Return and the Barclays Capital US Aggregate Bond Total Return index. Its inception year is 2011, and the account minimum is \$100,000.
- The **Tactical Growth Composite** contains all discretionary portfolios managed to the SIM Tactical Growth strategy. This composite is a Tactical Growth strategy consisting of primarily mutual funds, but can include exchange traded products, closed end funds, and individual securities (bonds or equities). The benchmark for this strategy is a 70%/30% mix of the MSCI All Country World Investable Market Index Net Return and the Barclays Capital US Aggregate Bond Total Return Index. Its inception year is 2011, and the account minimum is \$100,000.
- The **Tactical Aggressive Growth Composite** contains all discretionary portfolios managed to the SIM Tactical Aggressive Growth strategy. This composite is a Tactical Aggressive Growth strategy consisting of primarily mutual funds, but can include exchange traded products, closed end funds, and individual securities (bonds or equities). The benchmark for this strategy is a 85%/15% mix of the MSCI All Country World Investable Market Index Net Return and the Barclays Capital US Aggregate Bond Total Return Index. Its inception year is 2023, and the account minimum is \$100,000.
- The **Tactical Diversified Income Composite** contains all discretionary portfolios managed to the SIM Tactical Diversified Income strategy. This strategy is a Tactical Diversified Income strategy consisting of primarily mutual funds, but can include exchange traded products, closed end funds, and individual securities (bonds or equities). The benchmark for this strategy is 60% MSCI World High Dividend Index and 40% Bloomberg Barclays US Aggregate Bond Total Return Index. Its inception year is 2011, and the account minimum is \$100,000.
- The **Tactical Low Duration Income Composite** contains all discretionary portfolios managed to the SIM Ultra Low Duration strategy. This composite is a Tactical Ultra Low Duration strategy consisting of primarily mutual funds, but can include exchange traded products, closed end funds, and individual securities (bonds or equities). The benchmark for this strategy is a 50%/50% mix of the

Bloomberg Barclays US 1-5 Year Government Credit Float Adjusted Total Return Index and the Bank of America Merrill Lynch US Treasuries 1-3 Year Total Return Index. Its inception year is 2017, and the account minimum is \$100,000.

SIM Strategic Models

Accounts managed based on a SIM Strategic Model will be managed similar to other clients utilizing this model. There are no guarantees a portfolio managed based on a model will ensure positive results. Past performance is no guarantee of future results. Further, any model account assembled based on prior performance analysis has the benefit of having knowledge of all facts of the market and performance of securities after the fact. SIM provides portfolio management services for the Strategic Models on a wrap and a non-wrap fee basis.

- The **Strategic Conservative Composite** contains all discretionary portfolios managed to the SIM Strategic Conservative strategy. The benchmark for this strategy is a 35%/65% mix of the MSCI All Country World Investable Market Index Net Return and the Barclays Capital US Aggregate Bond Total Return Index. The inception year is 2015, and the account minimum is \$10,000.
- The **Strategic Moderate Composite** contains all discretionary portfolios managed to the SIM Strategic Moderate strategy. Its inception year is 2012. The benchmark for this strategy is a 55%/45% mix of MSCI All Country World Investable Market Index Net Return and the Barclays Capital US Aggregate Bond Total Return indices. Composite minimum is \$10,000.
- The **Strategic Growth Composite** contains all discretionary portfolios managed to the SIM Strategic Growth strategy. Its inception year is 2012. The benchmark for this strategy is a 70%/30% mix of the MSCI All Country World Investable Market Index Net Return and the Barclays Capital US Aggregate Bond Total Return index. Composite minimum is \$10,000.

SIM Enhanced Index Models

Accounts managed based on a SIM Enhanced Index Model will be managed similar to other clients utilizing this model. There are no guarantees a portfolio managed based on a model will ensure positive results. Past performance is no guarantee of future results. Further, any model account assembled based on prior performance analysis has the benefit of having knowledge of all facts of the market and performance of securities after the fact. SIM provides portfolio management services for the Enhanced Index Models on both a wrap and a non-wrap fee basis.

- The **Enhanced Index Conservative Composite** contains all discretionary portfolios managed to the SIM Enhanced Index Conservative strategy. This

strategy consists of ETFs and mutual funds. The benchmark for this strategy is as follows: 35% Barclays Capital US Aggregate Bond Total Return Index; 29% BofA US Treasury 1 Year Total Return Index; 16% Citi World Govt Bond Total Return Index; and 20% MSCI All Country World Investable Market Index Net Return. The inception year is 2017, and the account minimum is \$100,000.

- The **Enhanced Index Moderate Conservative Composite** contains all discretionary portfolios managed to the SIM Enhanced Index Moderate Conservative strategy. This strategy consists of ETFs and mutual funds. The benchmark for this strategy is as follows: 26% Barclays Capital US Aggregate Bond Total Return Index, 22% BofA US Treasury 1 Year Total Return Index, 12% Citi World Govt Bond Total Return Index and 40% MSCI All Country World Investable Market Index Net Return. The inception year is 2017, and the account minimum is \$100,000.
- The **Enhanced Index Moderate Composite** contains all discretionary portfolios managed to the SIM Enhanced Index Moderate strategy. This strategy consists of ETFs and mutual funds. The benchmark for this strategy is as follows: 29% Barclays Capital US Aggregate Bond Total Return Index; 3% BofA US Treasury 1 Year Total Return Index; 8% Citi World Govt Bond Total Return Index; and 60% MSCI All Country World Investable Market Index Net Return. The inception year is 2017, and the account minimum is \$100,000.
- The **Enhanced Index Growth Composite** contains all discretionary portfolios managed to the SIM Enhanced Index Growth strategy. This strategy consists of ETFs and mutual funds. The benchmark for this strategy is as follows: 13% Barclays Capital US Aggregate Bond Total Return Index; 3% BofA US Treasury 1 Year Total Return Index; 4% Citi World Govt Bond Total Return Index; and 80% MSCI All Country World Investable Market Index Net Return. The inception year is 2017, and the account minimum is \$100,000.
- The **Enhanced Index Aggressive Composite** contains all discretionary portfolios managed to the SIM Enhanced Index Aggressive strategy. This strategy consists of ETFs and mutual funds. The benchmark for this strategy is the MSCI All Country World Investable Market Index Net Return. The inception year is 2017, and the account minimum is \$100,000.
- The **Enhanced Index Moderate-US Only Composite** contains all discretionary portfolios managed to the SIM Enhanced Index Moderate-US Only strategy. This strategy consists of ETFs and mutual funds. The benchmark for this strategy is as follows: 37% Barclays Capital US Aggregate Bond Total Return Index; 3% BofA US Treasury 1 Year Total Return Index; and 60% Russell 3000 Total Return Index. The inception year is 2017, and the account minimum is \$100,000.

- The **Enhanced Index Aggressive-US Only Composite** contains all discretionary portfolios managed to the SIM Enhanced Index Aggressive-US Only strategy. This strategy consists of ETFs funds and mutual funds. The benchmark for this strategy is the Russell 3000 Total Return Index. The inception year is 2017, and the account minimum is \$100,000.
- The **Enhanced Index Focused Conservative Composite** contains all discretionary portfolios managed to the SIM Enhanced Index Focused Conservative strategy. This strategy consists of ETFs and mutual funds. The benchmark for this strategy is as follows: 35% Barclays Capital US Aggregate Bond Total Return index, 29% BofA US Treasury 1 Year Total Return Index, 16% Citi World Govt Bond Total Return Index and 20% MSCI All Country World Investable Market Index Net Return. The inception year is 2017, and the account minimum is \$10,000.
- The **Enhanced Index Focused Moderate Composite** contains all discretionary portfolios managed to the SIM Enhanced Index Focused Moderate strategy. This strategy consists of ETFs and mutual funds. The benchmark for this strategy is as follows: 29% Barclays Capital US Aggregate Bond Total Return Index; 3% BofA US Treasury 1 Year Total Return Index; 8% Citi World Govt Bond Total Return Index; and 60% MSCI All Country World Investable Market Index Net Return. The inception year is 2017, and the account minimum is \$10,000.
- The **Enhanced Index Focused Growth Composite** contains all discretionary portfolios managed to the SIM Enhanced Index Focused Growth strategy. This strategy consists of ETFs and mutual funds. The benchmark for this strategy is as follows: 13% Barclays Capital US Aggregate Bond Total Return Index; 3% BofA US Treasury 1 Year Total Return Index; 4% Citi World Govt Bond Total Return Index; and 80% MSCI All Country World Investable Market Index Net Return. The inception year is 2017, and the account minimum is \$10,000.

SIM Global Individual Equity Model

Accounts managed based on a SIM Global Individual Equity Model will be managed similar to other clients utilizing this model. There are no guarantees a portfolio managed based on a model will ensure positive results. Past performance is no guarantee of future results. Further, any model account assembled based on prior performance analysis has the benefit of having knowledge of all facts of the market and performance of securities after the fact. SIM provides portfolio management services for the Global Individual Equity Model on both a wrap and a non-wrap fee basis.

- The **Global Individual Equity Composite** contains all discretionary portfolios managed to the SIM Global Individual Equity strategy. This strategy consists of individual equities and may include ETFs and mutual funds and modest levels. The benchmark for this strategy is the S&P 500 Total Return Index. The inception year is 2017, and the account minimum is \$100,000.

The SIM ESG USA No Energy Model

Accounts managed based on the SIM ESG USA No Energy Model will be managed similar to other clients utilizing this model. There are no guarantees a portfolio managed based on a model will ensure positive results. Past performance is no guarantee of future results. Further, any model account assembled based on prior performance analysis has the benefit of having knowledge of all facts of the market and performance of securities after the fact. SIM provides portfolio management services for the SIM ESG USA No Energy Model on both a wrap and a non-wrap fee basis.

- The **ESG USA No Energy Composite** contains all discretionary portfolios managed to the SIM ESG USA No Energy strategy. This strategy consists of selected individual equities that are held in the benchmark. The benchmark for this strategy is the MSCI USA Extended ESG Focus GR Index. The inception year is 2019, and the account minimum is \$100,000.

The SIM Dividend Growth Strategy

Accounts managed based on a SIM Dividend Growth Strategy will be managed similar to other clients utilizing this model. There are no guarantees a portfolio managed based on a model will ensure positive results. Past performance is no guarantee of future results. Further, any model account assembled based on prior performance analysis has the benefit of having knowledge of all facts of the market and performance of securities after the fact. SIM provides portfolio management services for the Dividend Growth Strategy on both a wrap and a non-wrap fee basis.

- The **Dividend Growth Composite** contains all discretionary portfolios managed to the SIM Dividend Growth strategy. This strategy consists of individual equities and may include ETFs and mutual funds at modest levels. The benchmark for this strategy is the Morningstar U.S. Dividend Growth Index. The inception year is 2020, and the account minimum is \$100,000.

The SIM Multi Asset Strategies

Accounts managed based on a SIM Multi Asset Strategy will be managed similar to other clients utilizing this model. There are no guarantees a portfolio managed based on a model will ensure positive results. Past performance is no guarantee of future results. Further, any model account assembled based on prior performance analysis has the benefit of having knowledge of all facts of the market and performance of securities after the fact. SIM provides portfolio management services for the Multi Asset Strategies on both a wrap and a non-wrap fee basis.

- The **Multi Asset Municipals Composite** contains all discretionary portfolios managed to the SIM Multi Asset Municipals strategy and offers of multiple equities/fixed income asset allocations. This strategy consists of individual stocks, bonds, mutual funds and exchange traded products. The benchmark for the

equity portion of this composite is the MSCI All Country World IMI Net Return, and the benchmark for the fixed income portion of this composite is the Bloomberg Barclays Municipal Bond 5 Year, rebalanced annually. The inception year is 2019, and the account minimum is \$250,000.

- The **Multi Asset Taxable Composite** contains all discretionary portfolios managed to the SIM Multi Asset Taxable Strategy and offers multiple equities/fixed income asset allocations. This strategy consists of individual stocks, bonds, mutual funds and exchange traded products. The benchmark for the equity portion of this composite is the MSCI All Country World IMI Net Return, and the benchmark for the fixed income portion of this composite is the Bloomberg Barclays US Aggregate Municipal Bond, rebalanced annually. The inception year is 2019, and the account minimum is \$250,000.

The SIM custom indexing model

Accounts managed based on the SIM Custom Indexing Model will be managed similar to other clients utilizing this model. There are no guarantees a portfolio managed based on a model will ensure positive results. Past performance is no guarantee of future results. Further, any model account assembled based on prior performance analysis has the benefit of having knowledge of all facts of the market and performance of securities after the fact. SIM provides portfolio management services for the SIM Custom Indexing Model on both a wrap and a non-wrap fee basis.

- SIM has established agreements to work with a third-party investment adviser in a sub-advisory capacity. The sub-advisor is responsible for all investment-related decisions and trading in the client accounts. The sub-advisor may be limited to only manage assets through specific custodians. For more information about what custodians a specific sub-advisor is authorized to offer services through, please refer to the sub-advisor's ADV. SIM retains the authority to hire and fire sub-advisors at our discretion. The account minimum size is \$100,000.

Custom Strategies SIM also offers two types of Custom Strategies, as described below. Custom Strategies may not be available to all clients, new clients, all primary advisors, and/or at all custodians. Each Custom Strategy is approved separately by SIM on a case-by-case basis and may be offered on both a wrap and non-wrap fee basis.

- Client Specific Constraints – Strategies designed and monitored specifically for one client or household.
- Advisor Specific Constraints – Strategies designed and monitored in conjunction with the client's primary advisor.

For every approved Custom Strategy, an Investment Policy Statement is created and approved by either the client (for Client Specific Constraints) or the primary advisor (for Adviser Specific Constraints).

SIM may utilize third party research to assist in analyzing investment opportunities; SIM will then choose how to act on that information in executing its analysis and investment strategies.

Item 5: Fees and Compensation

As noted above, SIM provides subadvisory services for a wrap fee programs sponsored by its affiliated registered investment advisers, SWP and SWA. Providing services for the wrap fee programs allows SIM to manage client accounts for a single fee that includes both portfolio management services and transaction costs. The fee schedule is set forth below:

Tactical, Enhanced Index, Global Equity, Dividend Growth, and ESG USA No Energy Models

<u>Low Break</u>	<u>High Break</u>	<u>Annual Fee</u>
\$ 100,000.00	\$ 499,999.99	0.29%
\$ 500,000.00	\$ 749,999.99	0.27%
\$ 750,000.00	\$ 1,249,999.99	0.25%
\$ 1,250,000.00	\$ 4,999,999.99	0.23%
\$ 5,000,000.00	\$ 24,999,999.99	0.19%
\$ 25,000,000.00 and up		0.15%

Strategic and Enhanced Indexed Focused Models (Small Account Solutions)

<u>Low Break</u>	<u>High Break</u>	<u>Annual Fee</u> *
All Assets		0.29%

SIM uses an average of the daily balance in the client's account throughout the billing period for purposes of determining the market value of the assets upon which the advisory fee is based. Asset-based portfolio management fees are withdrawn quarterly in advance from the client's accounts with client's written authorization. Advisory fees are generally negotiable.

Clients may terminate with written notice to their advisor, the provision of services within five (5) business days after entering into the advisory agreement, without penalty or obligation and for a full refund of any prepaid fees to SIM. After five (5) business days of entering into an advisory agreement, clients are entitled to a prorated refund of any prepaid quarterly advisory fee to SIM based upon the number of days remaining in the quarter after the termination date.

SIM also provides its portfolio management services on a non-wrap fee basis. The fee schedule for SIM management fees on a non-wrap fee basis is set forth below:

Tactical, Enhanced Indexed, Global Equity, Dividend Growth, and ESG USA No Energy Models*

<u>Low Break</u>	<u>High Break</u>	<u>Annual Fee</u>
\$ 100,000.00	\$ 499,999.99	0.25%
\$ 500,000.00	\$ 749,999.99	0.23%
\$ 750,000.00	\$ 1,249,999.99	0.21%
\$ 1,250,000.00	\$ 4,999,999.99	0.19%
\$ 5,000,000.00	\$ 24,999,999.99	0.14%
\$ 25,000,000.00 and up		0.11%

Strategic and Enhanced Indexed Focused Models (Small Account Solutions)

<u>Low Break</u>	<u>High Break</u>	<u>Annual Fee</u> *
All Assets		0.25%

SIM uses an average of the daily balance in the client's account throughout the billing period for purposes of determining the market value of the assets upon which the advisory fee is based. Asset-based portfolio management fees are withdrawn quarterly in advance from the client's accounts with client's written authorization. Advisory fees are generally negotiable.

Clients may terminate with written notice to their advisor, the provision of services within five (5) business days after entering into the advisory agreement, without penalty or

obligation and for a full refund of any prepaid fees to SIM. After five (5) business days of entering into an advisory agreement, clients are entitled to a prorated refund of any prepaid quarterly advisory fee to SIM based upon the number of days remaining in the quarter after the termination date.

Custom Indexing Model

<u>Low Break</u>	<u>High Break</u>	<u>Annual Fee</u>
\$ 100,000.00	\$ 2,000,000.00	0.18%
\$ 2,000,000.00 and up		0.16%

SIM uses an average of the daily balance in the client's account throughout the billing period for purposes of determining the market value of the assets upon which the advisory fee is based. Asset-based portfolio management fees are withdrawn quarterly in advance from the client's accounts with client's written authorization. Advisory fees are generally negotiable.

Clients may terminate with written notice to their advisor, the provision of services within five (5) business days after entering into the advisory agreement, without penalty or obligation and for a full refund of any prepaid fees to SIM. After five (5) business days of entering into an advisory agreement, clients are entitled to a prorated refund of any prepaid quarterly advisory fee to SIM based upon the number of days remaining in the quarter after the termination date.

Fees for all Custom Models will be negotiated and may vary based on strategy, complexity and asset size of the account.

Contributing Cost Factors

Wrap fee program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the programs, including the trading activity in the client's account, the adviser's ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

Additional Fees

Clients who receive services from SIM by participating in the wrap fee programs will not have to pay for transaction (trading) costs. Clients who invest with SIM on a non-wrap fee basis will also have to pay for transaction (trading) costs. Clients should refer to their Investment Advisor for information related to other fees and transaction costs.

Clients may be subject to additional fees charged by the advisor and custodian. SIM does not receive, directly or indirectly, any of the following fees that may be charged to clients. All of these fees may not be applicable, but if they are charged, they include, among others:

- Accounts holding Alternative Investments will be charged an annual custodial fee per position per account per year
- Exchange fees
- SEC fees
- Advisory fees and administrative fees charged by mutual funds/ETFs
- Advisory fees charged by sub-advisers (if any are used for your account)
- Custodial fees
- Deferred sales charges (on mutual funds or annuities)
- Odd-Lot differentials
- Transfer taxes
- Wire transfer and electronic fund processing fees

Clients may receive comparable services from other broker/ dealers or investment advisers and pay fees that are higher or lower than those charged under SIM's wrap fee program. Fees may be more or less than the client would have paid if the services (account management, custody, and brokerage transactions) were purchased separately outside of the wrap program.

As set forth above in the descriptions of the Models, there is generally an account minimum of \$10,000 for the Strategic and certain Enhanced Focus Index Models, an account minimum of \$100,000 for the Tactical Models and certain Enhanced Index Models. There is an account minimum of \$250,000 for the Multi Asset Strategies. These may be waived at the firm's sole discretion.

Item 6: Performance-Based Fees and Side-By-Side Management

SIM does not charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client. SIM does not engage in Side-By-Side Management.

Item 7: Types of Clients

SIM generally provides advisory services to other Investment Advisers.

The Investment Advisers with which SIM works seek SIM's portfolio management services for the following types of such Investment Adviser's accounts:

- Individuals
- High-Net-Worth Individuals

- Banks and Thrift Institutions
- Charitable Organizations
- Corporations or Business Entities

As set forth above in the descriptions of the Models, there is generally an account minimum of \$10,000 for the Strategic and certain Enhanced Focus Index Models, an account minimum of \$100,000 for the Tactical Models and certain of the Enhanced Index Models. There is an account minimum of \$250,000 for the Multi Asset Strategies. These may be waived at the firm's sole discretion.

SIM is the subadvisor for wrap fee programs. All client information that is collected, including basic information, risk tolerance, sophistication level, and income level will be collected by the advisor and communicated to SIM. As that information changes and is updated, SIM will be provided with that information once collected by the primary advisor.

SIM offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax, and risk tolerance levels) and is used to construct a client-specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets. SIM, operating as a subadvisor, will rely on the primary advisor to determine and communicate suitability to SIM for each client using SIM subadvisory services.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

SIM's methods of analysis include Charting Analysis, Cyclical Analysis, Fundamental Analysis, Modern Portfolio Theory, Quantitative Analysis and/or Technical Analysis.

- **Charting Analysis** involves the use of patterns in performance charts. SIM uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.
- **Cyclical Analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.
- **Fundamental Analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.
- **Modern Portfolio Theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets.

- **Quantitative Analysis** deals with measurable factors (as distinguished from qualitative considerations such as the character of management or the state of employee morale), such as the value of assets, the cost of capital, historical projections of sales, and so on.
- **Technical Analysis** involves the analysis of past market data (primarily price and volume).

SIM uses long-term trading or short-term trading. **Investing in securities involves a risk of loss that a client should be prepared to bear.**

Material Risks Involved

- **Charting Analysis Strategy** involves using and comparing various charts to predict long- and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using Charting Analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance, and this may not be the case.
- **Cyclical Analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.
- **Fundamental Analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.
- **Modern Portfolio Theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

- **Quantitative Analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.
- **Technical Analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns, and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns, and relying solely on this method may not take into account new patterns that emerge over time.

Long-term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short-term trading, short sales, margin transactions, and options writing generally hold greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

Investing in securities involves a risk of loss that a client should be prepared to bear.

Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

- **Mutual Funds:** Investing in mutual funds carries the risk of capital loss, and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of a bond "fixed income" nature (lower risk) or a stock "equity" nature.
- **Equity Investments:** Generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions, and the general economic environment.
- **Fixed Income Investments:** Generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed

income security. In general, the fixed income market is volatile, and fixed income securities carry interest rate risk (i.e., as interest rates rise, bond prices usually fall, and vice versa; this effect is usually more pronounced for longer-term securities). Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on Treasury Inflation Protected/Inflation Linked Bonds is dependent upon the U.S. Treasury defaulting (which is extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. The risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

- **ETFs:** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., gold, silver, or palladium bullion-backed “electronic shares” not physical metal) in particular may be negatively impacted by several unique factors, among them: large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals; a significant increase in hedging activities by producers of gold or other precious metals; or a significant change in the attitude of speculators and investors.
- **Alternative Strategy Mutual Funds:** Certain mutual funds invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes, and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund’s concentration in the real estate industry.
- **Real Estate Funds** (including REITs): Face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; and/or the impact of present or future environmental legislation and compliance with environmental laws.

- **Commodities:** Are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints, and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that a client should be prepared to bear.

SIM places no restrictions on a client's ability to contact its portfolio managers. SIM's portfolio manager can be contacted during regular business hours and contact information is on the cover page of the Portfolio Managers' SIM Part 2B of Form ADV: brochure supplement.

Item 9: Disciplinary Information

SIM is obligated to disclose any legal or disciplinary events that would be material to clients or potential clients when evaluating SIM or the integrity of its management team. SIM does not have information to disclose that is applicable to this item.

Item 10: Other Financial Industry Activities and Affiliations

Registration as a Broker/Dealer or Broker/Dealer Representative

Certain SIM personnel may be registered representative of a broker/dealer.

Registration as a Futures Commission Merchant, a Commodity Pool Operator, or a Commodity Trading Advisor

Neither SIM nor its representatives are registered as, or have pending applications to become, a Futures Commission Merchant, a Commodity Pool Operator, or a Commodity Trading Advisor.

Registration Relationships and Conflicts of Interests

SIM is under common control with other investment advisory firms, SWA and SWP, as defined in Item 4. SWA and SWP have overlap in personnel with SIM and use SIM as a subadviser for many client accounts. Some SIM and SWA and SWP representatives may hold equity in Stratos Wealth Holdings. This creates a conflict of interest in recommending SIM as a subadviser, as those representatives will receive an indirect benefit in sharing in the profitability of SIM. SIM will comply at all times with its fiduciary duty as an investment adviser.

Selection of Other Advisors

SIM does not utilize nor select other advisors or third-party managers.

Item 11: Code of Ethics, Participation or Interest in Client Transaction and Personal Trading

Code of Ethics

SIM has adopted a Code of Ethics for all supervised persons of the firm describing its high standards of business conduct and fiduciary responsibility to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions and reporting requirements on the acceptance of gifts and personal securities trading policies, as discussed below.

SIM's Code of Ethics is distributed to each employee and IAR at the time of hire/contract and thereafter as it is modified. In addition, SIM requires an annual certification by all employees/IARs regarding their understanding and compliance with the Code of Ethics.

A copy of our Code of Ethics will be provided to any client or prospective client upon request by calling 440-210-4900.

Participation or Interest in Client Transactions

IARs of SIM may buy or sell securities that are recommended to clients. IARs will not put their interests before a client's interest. IARs may not trade ahead of their clients or trade in such a way to obtain a better price for themselves than for their clients.. Further, Access Persons are prohibited from trading on non-public information or sharing such information. SIM and its Access Persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

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

Item 12: Brokerage Practices

SIM does not select or recommend broker-dealers for client transactions. Rather, the investment advisers for whom SIM provides its subadvisory services makes those selections for, or recommendations to, clients. Clients should review carefully the Form ADV of their investment advisers to ensure that they understand all conflicts of interest that may arise in connection with those selections and/or recommendations.

Item 13: Review of Accounts

Periodic Reviews

Client accounts for SIM's advisory services provided on an ongoing basis are reviewed at least quarterly by the firm's investment committee to identify drift from proper allocation.

Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

Content and Frequency of Regular Reports Provided to Clients

Each client will receive at least quarterly from the custodian, a written report that details the client's account (including assets held and asset value). These reports will also reflect the deduction of your investment advisor's and SIM's portfolio management fees. Clients should carefully review statements received from the broker-dealer or account custodian.

Item 14: Client Referrals and Other Compensation

SIM does not directly or indirectly compensate any person for client referrals who is not a supervised person of the firm.

Item 15: Custody

SIM does not have custody of client funds or securities.

Item 16: Investment Discretion Information

SIM will typically receive discretionary authority in order to select securities and execute transactions without permission from the client prior to each transaction. However, the firm may also provide non-discretionary portfolio management if needed. Clients will grant discretionary authority to SIM through the execution of the client agreement.

Item 17: Voting Client Securities

SIM will not ask for, nor accept, voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

SIM is required in this item to provide you with certain financial information or disclosures about its financial condition. SIM does not solicit fees of more than \$1,200, per client, six months or more in advance. SIM does not have any financial commitment that would impair its ability to meet any contractual or fiduciary obligations it may have to its clients and the firm.

SIM has not been the subject of a bankruptcy petition in its history.