



Item 1. Cover Page

Part 2A Appendix 1 of Form ADV (“WRAP Brochure”)

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This wrap fee program brochure provides information about the qualifications and business practices of Stratos Wealth Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 440-519-2500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Stratos Wealth Advisors, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Stratos Wealth Advisors, 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 this wrap fee 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 SWA's brochure since its last amendment.

There are no material changes since the last ADV amendment in September of 2023.

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Introduction

Stratos Wealth Advisors, LLC (“SWA”) is an SEC registered investment adviser wholly owned within the Stratos Wealth Holdings, LLC family of companies and has been a registered investment adviser since 2016. Stratos Wealth Holdings, LLC is a holding company which owns, among other companies, two other registered investment advisers and a limited purpose broker-dealer, member FINRA/SIPC. Please see Item 9 for more information.

SWA’s advisory services are made available to clients primarily through individuals associated with SWA as investment advisory representatives (“IARs”). For more information about the IAR providing advisory services, client should refer to the Brochure Supplement (also called the ADV Part 2B) for the IAR. The Brochure Supplement is a separate document that is provided by the IAR along with this Brochure before or at the time client engages the IAR. If the client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or SWA at (440) 505-5600.

SWA offers services through our network of IARs. IARs may have their own legal business entities whose trade names and logos are used for marketing purposes and may appear on marketing materials and/or client statements. The client should understand that the businesses are legal entities of the IAR and not of SWA. The IARs are under the supervision of SWA, and the advisory services of the IAR are provided through SWA. SWA has these arrangements with the business entities listed in Schedule D of Form ADV.

Types of Advisory Services

SWA offers various types of advisory services and programs, including but not limited to: wrap programs, asset allocation programs, advisory programs offered by third party investment advisor (“TPIA”) firms, and financial planning services.

This wrap fee Program Brochure provides information about the SWA Wrap Managed Account Services for bundled or wrap accounts.

SWA also offers the following separate services described under its Firm Brochure (Form ADV Part 2A):

- Non-Wrap Fee Managed Account Services
- Financial Planning and Consulting
- Third Party Investment Advisor Services
- Retirement Plan Consulting

Not all services are available to all clients, through all advisers, or in all states. In addition, services may not be available at all custodians.

SWA currently has agreements with the following broker-dealer custodians for its wrap programs:

- Fidelity Brokerage Services LLC and National Financial Services LLC (collectively “Fidelity”), Member FINRA/SIPC; and
- Charles Schwab (“Schwab”), Member FINRA/SIPC.

Not all custodians or products are available to all clients or IARs, or in all states.

SWA offers customized individually managed portfolios or management based on model accounts. IARs will determine and present to clients an asset allocation specific to the client based upon a client’s individual investment goals, objectives, risk tolerance, and investment time horizon.

Accounts at the custodians listed above are also available under an unbundled or non-wrap fee program. Please see the separate SWA ADV Part 2A Firm Brochure for further information. There is no significant difference between the way IARs manage wrap fee account and non-wrap fee accounts. However, if a client determines to engage SWA on a wrap fee basis, the client will pay a single fee for investment management and transaction fees. The services included in a wrap fee agreement will depend upon client needs. If the client determines to engage SWA on a non-wrap fee basis, the client will select services on an unbundled basis, paying for each service separately. Note: when managing a client’s account on a wrap fee basis, SWA will receive, as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted. Inasmuch as the execution costs for transactions effected in the client account will be paid by the IAR, a conflict of interest exists in that the IAR may have a disincentive to trade securities in the client account. In addition, the amount of compensation received by SWA as a result of the client’s participation in the wrap program may be more than what SWA would receive if the client paid separately for investment management and transaction fees.

Advisor Wealth Management II (“AWMII”)

AWMII is a bundled or wrap program available to SWA clients custodied at Fidelity or Schwab. The client pays one fee to SWA that includes ticket charges and management of the account. The exception is that there may be a select listing of securities (typically reserved to mutual funds) for which no transaction fees will be assessed. However, the security may be subject to a holding period to avoid early liquidation fees. For securities with holding periods, clients are not prevented from liquidating during the holding periods; however, there is a fee associated with liquidations during the holding period. The IAR will determine and present to clients an asset allocation specific to the client based upon a client’s individual investment goals, objectives, risk tolerance, and investment time horizon. Clients may have a customized individually managed portfolio managed by the IAR or participate in various model portfolios designed by IAR(s) consistent with the client’s stated investment objective. A model portfolio will be managed similar to other clients utilizing the model. There are no guarantees a portfolio based on a model will ensure positive results. Past performance is no guarantee of future results. In either case, the IAR provides ongoing advice on the selection or replacement of a portfolio based on the client’s individual needs. The IAR may choose more than one portfolio to be managed for the client’s account. SWA also offers advisor-managed non-wrap fee accounts. Please see the SWA ADV Part 2A Firm Brochure for further information.

Clients’ portfolios may consist of stocks, bonds, Exchange Traded Funds (“ETFs”)/Exchange Traded Notes (“ETNs”), no-load and/or load mutual funds, cash or cash equivalents, and/or other securities deemed appropriate and suitable to the client by SWA.

The SWA IAR provides asset management services on an ongoing basis based on the individual needs of the client. The management program through SWA offers clients flexibility among payment structures,

custodians, and management styles. Management will be on an active basis. Thus, SWA and its IARs will actively monitor the assets in the account and make changes the IAR deems appropriate in light of the circumstances in the market.

SWA does not take custody except under two conditions which are considered by the SEC to be custody because of our authority and ability to transfer funds.

SWA is deemed to have custody because of our ability to deduct our fees from your account. You will receive a statement at least quarterly direct from the account custodian showing the deduction of our fees from your account. Authorization to deduct our fees from your account is given in the agreement you execute with SWA.

SWA is also deemed to have custody if you establish a standing letter of authorization to direct us to transfer funds or securities from your account to a specified third party and you give us the authorization to change the timing and or the amount of the transfer. SWA does not have the ability to change the third party without your written authorization.

If the SWA account is opened containing existing securities previously purchased through, or is opened with cash proceeds from the sale of securities sold through Fidelity, Schwab, or the IARs, then Fidelity, Schwab, and/or the IARs may have already received commissions on the purchase. Additional commissions will not be charged, however, the fees discussed below will be charged.

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

Stratos Investment Management, LLC

SWA sponsors the Stratos Wealth Advisors, LLC Wrap Fee Program and hires Stratos Investment Management, LLC (“SIM”), an affiliate of SWA, to act as portfolio manager for the wrap fee program, offering ongoing portfolio management based on the individual goals, objectives, time horizon, and risk tolerance of each client. The wrap fee program allows the investor to pay one stated fee that includes management fees and transaction costs. This fee is in addition to the management fee paid to the IAR under the SWA investment management agreement.

SIM primarily acts as a subadviser to affiliated and unaffiliated investment advisers. 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. However, the firm may also provide non-discretionary portfolio management if needed. Advisors working with SIM often recommend Fidelity to maintain custody of clients’ assets and to effect trades for their accounts but may also recommend Schwab to maintain custody of clients’ assets and to effect trades for their accounts. 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. 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 to avoid favoring one client over another over time.

For more information about SIM's portfolios and its portfolio management practices, please see the SIM Form ADV Part 2A Firm Brochure. Clients should refer to Item 9 below for more information about potential conflicts of interest that may arise when using the Stratos Wealth Advisors, LLC Wrap Fee Program and hiring SIM as the portfolio manager.

Fees and Compensation

The advisory fees payable upon initial implementation are collected directly from the account (provided the client has given SWA written authorization for SWA to deduct the fees directly from the account). Advisory fees for all subsequent periods will be collected directly from the account, provided authorization was obtained. Clients will be provided with an account statement from the account custodian reflecting the deduction of the advisory fee. If the account does not contain sufficient funds to pay advisory fees, SWA has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. The client may reimburse the account for advisory fees paid to SWA, except for ERISA and IRA accounts.

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

Clients using AWMII (wrap fee) accounts pay a single fee to SWA to cover both management fees and transaction charges. Typically, this option may be more economical for those managed accounts where there is more trading and where securities with transaction fees will be primarily utilized in the management of the portfolio. SWA does not charge our clients higher advisory fees based on their trading activity, but there is a conflict of interest in that an IAR may have an incentive to limit trading activities in client account(s) because the IAR is charged for executed trades.

Additionally, in limited cases, the client's managed accounts may be aggregated together to determine a fee breakpoint. Therefore, clients with multiple managed accounts will be charged a fee considering the account values in total. In these cases, and when available, it is a benefit to the client to have an IAR that aggregates accounts. Alternatively, some IARs may charge a corresponding fee based on each account size. Therefore, clients with multiple accounts may pay a different fee depending on the account size.

In limited cases, SWA may apply a flat fee to provide asset management services. The flat amount will include transaction charges. Details regarding billing can be found in the client Agreement for the applicable accounts. Clients should understand that this may create a conflict of interest, as SWA's and the IAR's compensation does not increase or decrease along with the client's account value.

The maximum annual advisory wrap account fee is **2.25%** for AWMII.

Clients may receive comparable services from other broker-dealers or investment advisers and pay fees that are higher or lower than those charged under SWA'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.

Ticket Charges

There are conflicts of interest to consider in connection with the selection of mutual funds and a specific transaction cost commonly known as ticket charge associated with each mutual fund transaction. In a wrap account, clients do not pay any ticket charges but IARs pay these ticket charges to the custodian where the trades occur for each client account.

As background, custodians often make available mutual funds that offer various classes of shares. Some share classes of a fund charge higher internal expenses, whereas other share classes of a fund charge lower internal expenses. Institutional and advisory share classes (collectively, “institutional shares” or “institutional share classes”) typically have lower expense ratios and are less costly for a client to hold than Class A shares or other share classes that are eligible for purchase in an advisory account. In some instances, a mutual fund offers only Class A shares, but another similar mutual fund may be available that offers institutional shares.

Whether a mutual fund or a specific share class of a mutual fund incurs a ticket charge often depends on whether the mutual fund or the mutual fund share class has 12b-1 fees (fees paid by the mutual fund to distributors of the funds to cover the cost of distribution and/or shareholder services). For instance, where a mutual fund or mutual fund share class has 12b-1 fees can correlate with no ticket charge. Additional fees that could have an impact on whether a mutual fund or mutual fund share class has a ticket charge or not also include recordkeeping fees to the custodian. Mutual funds and mutual fund share classes with no ticket fees (which can be described as NTF shares) usually have higher fees and expense ratios, and the associated costs would be incurred by the client. Mutual funds and mutual fund shares with ticket fees usually have lower fees and expenses, which would lessen the associated fees and expense costs on the client.

As noted above, IARs, not SWA, pay these ticket charges. Clients should understand that the cost to IARs of transaction charges can be a factor that influences IARs when deciding which securities to select and how frequently to place transactions in these accounts. Clients should understand that another investment adviser may offer the same mutual fund at a lower overall cost to the investor than is available through the custodial platforms with which SWA has relationships.

SWA has a policy that IARs recommend the lower cost share class reasonably available at the time through the custodian where a client account is located. Furthermore, SWA conducts surveillance to test this policy and maintains a process to reasonably conduct conversions to the lower cost share class, where applicable and possible depending on availability with an individual custodian.

We strongly encourage clients to discuss with their IAR whether lower cost share classes are available with a particular custodian or a particular managed account program; why the particular funds or other investments that will be purchased or held in your account are appropriate in consideration of their expected holding period, investment objective, risk tolerance, time horizon, financial condition, amount invested, trading frequency, the amount of the advisory fee charged; whether clients will pay higher internal fund expenses in lieu of transaction charges that could adversely affect long-term performance; and relevant tax considerations.

SWA does not receive, directly or indirectly, any of the following fees that may be charged to you. The fees not included in the advisory fee for SWA’s wrap services are charges imposed directly by a mutual fund, index

fund, or ETF which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed at a broker-dealer other than Custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. All of these fees may not be applicable but if 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
- Trade away fees
- Transfer taxes
- Wire transfer and electronic fund processing fees
- Commissions or mark-ups/mark-downs on security transactions

SWA may, on occasion, aggregate trades for clients and provide clients an average execution price. The fixed transaction costs charged by the broker-dealer for these aggregated trades will be assessed on an individual pro-rated basis.

Fees and Termination Provisions for Accounts custodied at Schwab or Fidelity (for AWMII Accounts)

Advisory fees will be charged in advance on a calendar quarter basis. Fees will be calculated based upon the average daily value of the portfolio from the prior calendar quarter. Advisory fees for accounts opened on a day other than the first day of the calendar quarterly period or closed on a day other than the last business day of the calendar quarterly period will be prorated based on the number of days in the quarter.

The initial fee for accounts established during a calendar quarter will be billed to the account in advance from the date of the initial deposit to the calendar quarter end based on the value of the initial deposit.

Clients may terminate, with written notice to SWA, investment advisory 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. After five (5) business days of entering into an advisory agreement, client will be entitled to a prorated refund of any prepaid quarterly advisory fee based upon the number of days remaining in the quarter after the termination date.

SIM Wrap Fees – based on strategy and assets under management

Clients will pay separate investment advisory fees to SWA and to SIM. The SWA fee will be disclosed in the investment management agreement and generally will not exceed **2.0%** of account assets. The SIM fee will also be disclosed in the investment management agreement. SIM's fees for managing the accounts are determined by strategy and size of accounts. SIM's fees are generally negotiable.

SIM's fee schedules are set forth below.

Tactical, Enhanced Index, Global Equity, Dividend Growth and ESG USA No Energy Models		
Low Break	High Break	Annual Fee
\$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		Negotiable
*The minimum account size for each strategy is set forth below		

Strategic and Enhanced Index Focused Models (Small Account Solutions)		
Low Break	High Break	Annual Fee
All Assets		0.29%
*The minimum account size for each strategy is set forth below		

Custom Indexing Model		
Low Break	High Break	Annual Fee
\$ 100,000	\$ 2,000,000	0.18%
\$ 2,000,000.00 and up		0.16%
*The minimum account size for this strategy is set forth below		

There is a difference in fees for wrap and non-wrap fee SIMFundamentum clients. Non-wrap fee SIM clients will pay a slightly lower asset-based fee as their transaction costs are not included with the fee and are charged separately. Please see SIM's Form ADV Part 2A Brochure for more information on non-wrap fee account charges.

Clients may terminate, with written notice to SWA, investment advisory 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. After five (5) business days of entering into an advisory agreement, clients will be entitled to a prorated refund of any prepaid quarterly advisory fee based upon the number of days remaining in the quarter after the termination date.

Conflicts of Interest

The types of accounts listed above are also available under an unbundled or non-wrap fee program. Please see the separate SWP ADV Part 2A Firm Brochure for further information. There is no significant difference between the way IARs manage wrap fee account and non-wrap fee accounts. However, if a client determines to engage SWP on a wrap fee basis, the client will pay a single fee for investment management and transaction fees. The services included in a wrap fee agreement will depend upon client needs. If the client determines to engage SWP on a non-wrap fee basis, the client will select services on an unbundled basis, paying for each

service separately. Note: when managing a client's account on a wrap fee basis, SWP will receive, as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted. Inasmuch as the execution costs for transactions effected in the client account will be paid by the IAR, a conflict of interest exists in that the IAR may have a disincentive to trade securities in the client account. In addition, the amount of compensation received by SWP as a result of the client's participation in the wrap program may be more than what SWP would receive if the client paid separately for investment management and transaction fees.

Item 5: Account Requirements and Types of Clients

SWA provides services to the following types of clients:

- Individuals
- Trusts, estates and charitable organizations
- Corporations or other business entities
- Governmental plans, municipalities
- Not for profit entities
- Bank or thrift institutions
- Retirement plans

A minimum account value of \$10,000 is required for AWMII accounts; however, in certain instances, the minimum account size may be lower.

The minimum account size for the SIM wrap program varies according to the model selected. There is generally an account minimum of \$10,000 for the Strategic and certain Enhanced Index Models, an account minimum of \$100,000 for the Tactical Models, certain of the Enhanced Index Models and the Custom Indexing Model. There is an account minimum of \$250,000 for the Multi Asset Strategies. These may be waived at SIM's sole discretion. For more information about Fundamentum's portfolios and its portfolio management practices, including the fees charged for its models, please see the SIM Form ADV Part 2A Firm Brochure.

Item 6: Portfolio Manager Selection and Evaluation

SWA managed wrap accounts in AWMII accounts are managed by the IAR as appointed in the Investment Management Agreement.

The education and background of each IAR can be found on the IAR's ADV Part 2B Supplement.

SWA does not assign portfolio managers for these accounts, as they are appointed by the client. Account performance is reviewed as described under Review of Accounts in Item 9.

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

Affiliated and unaffiliated service providers may develop asset allocation models. The IAR may also develop asset allocation models or use others from outside independent sources. Each IAR develops their own

methods of analysis, sources of information, and investment strategies. As such, recommendations by IARs and individual investment portfolios will differ.

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

- Charting Analysis involves the use of patterns in performance charts to identify current trends and trend reversals to forecast the direction of prices;
- Fundamental Analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages; and
- Technical Analysis involves the analysis of past market data (primarily price and volume).

There are certain risks associated with each of these methods of analysis:

Charting Analysis: Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of charting analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

Fundamental Analysis: Fundamental Analysis does not attempt to anticipate market movements. This represents a potential risk, as the price of a security can move up or down along with the overall market, regardless of the economic and financial factors considered in evaluating the security.

Technical Analysis: The risk of the analysis using mathematical and statistical modeling is that they may not accurately predict future investment patterns. Day to day changes in the market prices of investments may follow random patterns and may not be predictable with any reliable degree of accuracy. The risk of analysis using more subjective criteria is that the information obtained to make the analysis may be inaccurate and skew the analysis. In addition, measuring (or weighting) the criteria will likely be inconsistent from one analysis to another and could adversely affect the investment decisions. Clients' portfolios may consist of stocks, bonds, ETFs/ETNs, no-load and/or load mutual funds, cash or cash equivalents, or other securities deemed appropriate and suitable to the client by SWA.

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

Risk of Loss:

Securities markets fluctuate substantially over time. All investments in securities include a risk of loss of money invested (principal) and any unrealized profits (i.e., profits in the account that have not been liquidated, sometimes called "paper profits"). In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets SWA manages that may be out of our control. SWA cannot guarantee any level of performance, or that the client will not experience a loss of their account assets. SWA does not represent, warrant or imply that the services or methods of analysis used by SWA can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to major market corrections or crashes. No guarantees can be offered that client's goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by SWA will provide a better return than other

investment strategies.

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

Types of Investments and Risks

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

- ***Alternative Strategy Mutual Funds and ETFs.*** Certain mutual funds and ETFs 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 and ETFs that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund’s concentration in the real estate industry.
- ***Closed-End Funds.*** Client should be aware that closed-end funds are not readily marketable. In an effort to provide investor liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.
- ***ETFs.*** ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the “spread.” The spread varies over time based on the ETF’s trading volume and market liquidity and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company.
- ***ETNs.*** An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, e.g., commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer’s ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer’s credit rating is downgraded. The

index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks.

- **Leveraged and Inverse ETFs, ETNs and Mutual Funds.** Leveraged ETFs, ETNs and mutual funds, sometimes labeled “ultra” or “2x”, are designed to provide a multiple of the underlying index's return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from, and can be riskier, than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions are magnified over time. Because of these distortions, these products should be actively monitored, as frequently as daily, and are generally not appropriate as an intermediate- or long-term holding. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.
- **Options.** Certain types of option trading are permitted in order to generate income or hedge a security held in the program account; namely, the selling (writing) of covered call options or the purchasing of put options on a security held in the program account. Clients should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away and the program account will no longer hold the security. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not exercised or otherwise sold by the program account.
- **Structured Products.** Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.

- **High-Yield Debt.** High-yield debt is issued by companies or municipalities that do not qualify for “investment grade” ratings by one or more rating agencies. The below investment grade designation is based on the rating agency’s opinion of an issuer that it has a greater risk to repay both principal and interest and a greater risk of default than those issuers rated investment grade. High-yield debt carries greater risk than investment grade debt. There is the risk that the potential deterioration of an issuer’s financial health and subsequent downgrade in its rating will result in a decline in market value or default. Because of the potential inability of an issuer to make interest and principal payments, an investor may receive less than originally invested. There is also the risk that the bond’s market value will decline as interest rates rise and that an investor will not be able to liquidate a bond before maturity.
- **Hedge Funds and Managed Futures.** Hedge and managed futures funds may be purchased by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.
- **Variable Annuities.** If client purchases a variable annuity that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.

SWA will not ask for, nor accept, voting authority for client securities in wrap accounts. 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.

For the Stratos Wealth Advisors, LLC Wrap Fee Program utilizing SIM as the portfolio manager, SIM will be the sole portfolio manager and will not select any outside portfolio managers with the exception of the Custom Indexing Model. SIM will use industry standards to calculate portfolio manager performance. SIM reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is reviewed quarterly and is reviewed by SIM. For the SIM Custom Indexing Model, SIM has established agreements to work with a third-party investment adviser in a subadvisory capacity. Please see the FIM Form ADV 2A Firm Brochure for more information.

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. Additional, non-periodic 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).

SIM is under common control with SWA and Stratos Wealth Partners, LLC (“SWP”). SWA and SWP have overlap in personnel with SIM and use SIM as a subadviser for many client accounts. Please see Item 9 below for more information about conflicts of interest that arise when using SIM as a portfolio manager.

Item 7: Client Information Provided to Portfolio Managers

All client information provided to SWA is shared with the appointed IARs/Portfolio Managers. Updated client information provided to SWA is also shared with the appointed IARs/Portfolio Managers throughout the client relationship.

Item 8: Client Contact with Portfolio Managers

SWA has no restrictions on clients contacting their IARs/Portfolio Managers.

Item 9: Additional Information

Disciplinary Information

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

Code of Ethics

SWA 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.

SWA'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, SWA 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. You may contact our Chief Compliance Officer at 440-519-2500.

Participation or Interest in Client Transactions

IARs of SWA 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. SWA and its access persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

Review of Accounts

SWA maintains a compliance program designed to conduct periodic reviews of client accounts. IARs are expected to meet and document reviews with clients on at least an annual basis. Such meetings may include

review of accounts statements, quarterly performance reports, and other information or data related to the client's account and investment objectives. Clients may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, IARs will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which client assets are invested, and market shifts and corrections. Clients are advised that they should notify their IAR promptly of any changes to the client's financial goals, objectives or financial situation as such changes may require the IAR to review the client's portfolio and make recommendations for changes.

Fidelity or Schwab, as the custodian, provide clients with regular written reports regarding their wrap accounts. In addition, Fidelity or Schwab send client trade confirmations and account statements showing transactions, positions, and deposits and withdrawals of principal and income. Fidelity or Schwab do not send trade confirmations for systematic purchases, systematic redemptions and systematic exchanges. In some cases, SWA provides detailed quarterly performance reports describing account performance and positions. Some managed accounts either send confirmations for each securities transaction in the client's account direct from the account custodian as they occur and others bundle them to be sent with the periodic statement mailing.

Clients will receive account statements direct from the broker-dealer or account custodian reflecting the deduction of SWA's advisory fee. Clients should carefully review statements received from the broker-dealer or account custodian. Further, clients should compare any written report received from their IAR with statements received directly from the broker-dealer or account custodian. Clients should notify their IAR if they notice any discrepancies between the statement received from their account custodian and quarterly performance reports received from SWA.

Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. SWA will generally recommend that clients use Fidelity or Schwab as the qualified custodian for its wrap accounts.

SWA is independently owned and operated and is not affiliated with Fidelity or Schwab. Each of the recommended custodians will hold client assets in a brokerage account and buy and sell securities when SWA instructs them to. While SWA recommends that clients use Fidelity or Schwab as their custodian, clients will decide whether to do so and will open an account by entering into an account agreement with them. Conflicts of interest associated with this arrangement are described below. Clients should consider these conflicts of interest when selecting a custodian.

SWA does not open the account for clients, although we may assist clients in doing so.

How we select custodians.

Depending on specific client needs, one broker-dealer or custodian may offer better transaction costs/order processing than another, and those differences are evaluated by the IAR prior to opening a client account. SWA, as an investment adviser, owes a legal and fiduciary duty to its clients, including a duty to seek best execution of client transactions and to make full and fair disclosure to clients about any soft dollar arrangements. While the cost is carefully monitored, cost is not the only determining factor that would influence opening an account at one custodian or another. Important items like financial strength, stability, reputation, research, trading platforms, trading execution, breadth of available investment products, pricing, research, quality of service, administrative efficiencies, and client friendly statements are also considered in the evaluation and selection of a custodian. The lowest cost trade execution is not always the determining factor for the selection of a custodian. However, the client has the right to inquire about opening accounts at these various institutions.

Client Brokerage and Custody Costs

The custodians generally do not charge separately for custody services, but rather are compensated by account holders through commissions or other transaction- related or asset-based fees for securities trades that are executed through them or that settle into client accounts. Custodians are also compensated by earning interest on the uninvested cash in client accounts. For some accounts, custodians may charge clients a percentage of the dollar amount of assets in the account in lieu of commissions. The commission rates and asset-based fees applicable to SWA's client accounts are negotiated based on the condition that our clients collectively maintain a total amount of assets in accounts at the custodian. Although this is a conflict of interest and can create an incentive to IARs to recommend these custodians in order to meet the required amount of assets to maintain the negotiated pricing, we believe this commitment benefits our clients because the overall commission rates and asset-based fees clients pay are lower than they would be otherwise.

In addition to commissions or other transaction-related or asset-based fees, if a client participates in a "prime broker" or "trade away" program, the custodian will typically charge a flat fee for each trade that SWA has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition the commissions or other compensation the client pays the executing broker-dealer. Total cost of a transaction is one factor used to determine if/when to trade away from a custodian, as SWA seeks to minimize trading costs. Because of this and in order to minimize a client's trading costs, SWA has Schwab and Fidelity execute most trades for client accounts.

Products and Services Available to SWA from Schwab and Fidelity

Schwab and Fidelity provide services to independent investments advisory firms like SWA. They provide SWA and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to retail customers. However certain retail investors may be able to get institutional brokerage services from Schwab or Fidelity without going through SWA. Schwab and Fidelity also make available various support services. Some of these services help us manage or administer client accounts, while others help us manage and grow our business. Schwab's and Fidelity's support services are generally available on an unsolicited basis (SWA doesn't have to request them) and at no charge to SWA. Following is a more detailed description of the support services.

Services that benefit clients. Schwab's and Fidelity's institutional brokerage services include access to a broad range of investment products, execution of securities transactions and custody of client assets. The investment products available include some to which SWA might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The custodian's services described in this paragraph generally benefit our clients and their accounts.

Services that do not directly benefit clients. Schwab and Fidelity also make available to SWA other products and services that benefit the firm but do not directly benefit its clients and their accounts. These products and services assist us in managing and administering clients' accounts and operating our firm. They include investment research, both Schwab's and Fidelity's own and that of third parties. SWA uses this research to service all or a substantial number of clients' accounts, including accounts not maintained Schwab or Fidelity. In addition to investment research, Schwab and Fidelity also make available software and other technology that (i) provide access to client account data (such as duplicate trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of SWA fees from client accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Services that generally benefit only SWA. Schwab and Fidelity also offer other services intended to help SWA manage and further our business enterprise. These services include (i) educational conferences and events; (ii) consulting on technology and business needs; (iii) consulting on legal and compliance related needs; (iv) publications and conferences on practice management and business succession; (v) access to employee benefits providers, human capital consultants, and insurance providers; and (vi) marketing consulting and support. Schwab and Fidelity provide some of these services themselves; in other cases, they will arrange for third-party vendors to provide the services to SWA. Schwab and Fidelity discount or waive their fees for some of the services or pay all or a part of a third party's fees. Schwab and Fidelity also provide us with other benefits, such as occasional business entertainment of our personnel. If clients did not maintain accounts with Schwab or Fidelity, SWA would be required to pay for those services from its own resources.

Transition Assistance Benefits. From time to time, Fidelity or Schwab will provide various benefits and payments to SWA IARs that are new to the Fidelity or Schwab platform to assist them with the costs (including foregone revenues during account transition associated with transitioning their businesses to the Fidelity or Schwab platforms (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including (but not necessarily limited to) providing working capital to assist in funding the IARs business, satisfying any outstanding debt owed to the IAR's prior firm, offsetting ACATs fees payable to Fidelity or Schwab as a result of the IAR's clients transitioning to Fidelity's or Schwab's custodial platform, technology set-up fees, marketing and mailing costs, stationery and licensure transfer fees, moving expenses, office space expenses, staffing support, and termination fees associated with moving accounts.

The amount of the Transition Assistance payments is often significant in relation to the overall revenue earned or compensation received by the IAR at their prior firm. Such payments are generally based on the size of the IAR's business established at the prior firm and/or assets under custody. Please refer to the relevant Part 2B brochure supplement for more information about the specific Transition Payments your IAR receives.

The receipt of Transition Assistance by such IARs creates a conflict of interest relating to SWA's advisory business. In certain instances, the receipt of such benefits is dependent on an IAR maintaining its clients' assets with Fidelity or Schwab and therefore SWA has an incentive to recommend that clients maintain their account with Fidelity or Schwab in order to generate such benefits.

SWP attempts to mitigate these conflicts of interest by evaluating and recommending that clients use Fidelity's or Schwab's services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by any particular IAR. SWP considers Fidelity's and Schwab's stability and size, along with the variety of programs and flexibility in commission rates IARs may charge when recommending or requiring that clients maintain accounts with Fidelity or Schwab. However, clients should be aware of this conflict and take it into consideration in making a decision regarding whether to custody their assets in a brokerage account at Fidelity or Schwab.

Brokerage for Client Referrals. SWA does not recommend brokerage for client referrals.

Directed Brokerage. SWA generally does not engage in directed brokerage transactions for clients. In limited circumstances, SWA may allow clients to request to use a particular broker to execute some or all transactions for the client. In those cases, the client will negotiate terms and arrangements for the account with that broker and SWA will not seek better execution services or prices from other brokers or be able to aggregate client transactions for execution through other brokers with orders for other accounts managed by SWA. As a result, the client will potentially pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of

best execution, SWA may decline a client's request to direct brokerage if, in SWA's sole discretion, such directed brokerage arrangements would result in additional operational difficulties. As a general rule, SWA encourages each client to compare the possible costs or disadvantages of directed brokerage against the value of custodial or other services provided by the broker to the client in exchange for the directed brokerage designation.

Aggregation

In placing orders to purchase or sell securities in accounts, IARs may elect to aggregate orders (i.e., consolidate smaller orders for the same security into a large order), which, generally results in transaction cost savings. In so doing, IARs will not aggregate transactions unless aggregation is consistent with its duty to seek best execution. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all transactions executed by the IAR in that security on a given business day, with transaction costs shared pro-rata based on each client's participation in the transaction.

Other Financial Industry Activities and Affiliations

SWA is wholly owned by Stratos Intermediate Holdco LLC within the Stratos Wealth Holdings, LLC family of companies. Stratos Intermediate Holdco LLC owns the following registered investment advisers and a limited purpose broker-dealer:

1. SWA, a retail investment firm offering advice primarily through IARs who are not securities licensed.
2. Stratos Investment Management, LLC ("SIM"), an asset management firm acting primarily as a subadvisor;
3. Stratos Wealth Partners, LTD ("SWP"), a retail investment firm offering advice primarily through IARs who are securities licensed through LPL Financial;
4. Stratos Wealth Securities, LLC ("SWS"), a limited purpose broker-dealer, Member FINRA/SIPC. SWS does not process securities transactions or maintain client accounts; and
5. Renaissance Investment Group, LLC, a retail investment firm offering advice through IARs who are not securities licensed.

Certain IARs may also be dually registered as IARs of other investment advisers not affiliated with SWA. The potential for the receipt of fees and other compensation gives the IAR an incentive to recommend an advisory relationship based on the compensation received rather than on the client's needs or best interests. In certain circumstances, an IAR may also be dually registered as registered representatives of an unaffiliated broker-dealer. Clients may maintain multiple accounts with a representative, some of which are subject to an investment advisory relationship through SWA, while other accounts of the same client may operate under a brokerage arrangement. Clients are under no obligation to purchase or sell securities through IARs. However, if a client chooses to implement the recommendations, commissions may be earned by IARs as registered representative of a broker-dealer for brokerage transactions in brokerage accounts in addition to any fees paid for advisory services on investment advisory accounts.

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

IARs may have their own legal business entities whose trade names and logos are used for marketing purposes and may appear on marketing materials and/or client statements. The client should understand that the businesses are legal entities of the IAR and not of SWA. The IARs are under the supervision of SWA, and the advisory services of the IAR are provided through SWA. SWA has these arrangements with the business entities listed in Schedule D of Form ADV.

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

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

Stratos Investment Management

SIM, which is an affiliate of SWA, as the program's portfolio manager. This creates a conflict of interest because management fees earned by SIM generate revenue for SWA's parent company and benefit the firm as a whole. By managing those assets, the IAR receives a benefit of access to the portfolio management, and SWA and SIM receives fees on those assets that would otherwise be paid to other entities. SWA addresses this conflict by identifying SIM as an affiliate, and disclosing the role of SWA, the IAR and SIM and the additional fees charged by SIM for its services. Ultimately it is up to the client to choose the wrap fee program that is right for their situation.

Some IARs may hold equity in Stratos Wealth Holdings. This creates a conflict of interest in recommending SIM as the portfolio manager for the wrap fee program, as those IARs will receive an indirect benefit in sharing in the profitability of SIM as a shareholder of Stratos Wealth Holdings.

Client Referrals

SWA may enter into arrangements with individuals or firms ("Promoter") whereby the Promoter will refer clients to SWA which clients may be a candidate for the investment advisory services offered by SWA. In return, SWA will agree to compensate the Promoter for the referral. Compensation to the Promoter is dependent on the client entering into an advisory agreement with SWA for advisory services. Compensation to the Promoter will be an agreed upon percentage of SWA's advisory fee. SWA's referral program is in compliance with the federal regulations. The promoter/referral fee is paid pursuant to a written agreement retained by both the investment adviser and the Promoter. The Promoter will be required to provide the client

with a copy of SWA's Form ADV Part 2A and a disclosure document explaining the nature of the Promoter's relationship with SWA, the compensation arrangements and the amount he/she will receive as a consequence of the Promoter arrangement. The Promoter is not permitted to offer clients any investment advice on behalf of SWA. Client's advisory fee will not exceed SWA maximum fees regardless of promoter or referral arrangements.

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

For further information about these programs, please see the SWA ADV Part 2A Firm Brochure.

Other Compensation

SWA receives an economic benefit from its recommended custodians in the form of the support products and services they make available to SWA and other independent investment advisors whose clients maintain their accounts with the custodians. In addition, the custodians have also agreed to pay for certain products and services for which SWA would otherwise have to pay once the value of our clients' assets in accounts at the custodians reach a certain size. Clients do not pay more for assets maintained at the custodians as a result of these arrangements. However, SWA benefits from the arrangement because the cost of these services would otherwise be borne directly by SWA. Clients should consider these conflicts of interest when selecting a custodian. The products and services provided by the custodians, how they benefit SWA, and the related conflicts of interest are described above.

Additionally, SWA's agreement with Fidelity provides for payment of transition related expenses for certain IARs joining SWA who are likely to recommend Fidelity as a custodian. The agreement with Schwab provides for the reimbursement of transfer of account exit fees for certain IARs joining SWA who are likely to recommend Schwab as a custodian. These agreements are a conflict of interest that clients should consider when selecting a custodian.

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

Financial Information

SWA is required in this item to provide you with certain financial information or disclosures about its financial condition. SWA does not solicit fees of more than \$1,200, per client, six months or more in advance. SWA 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.

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