

**Item 1 – Cover Page**

**Strategic Advisors, LLC**  
**D/B/A**  
**Strategic Wealth Management Group**  
**250 West 57<sup>th</sup> Street, Suite 1614**  
**New York, NY 10107**  
**(212) 489-0100**  
**[www.swmgrp.com](http://www.swmgrp.com)**

**Revised: March 9, 2017**

This Brochure provides information about the qualifications and business practices of Strategic Advisors, LLC d/b/a Strategic Wealth Management Group (“SWMG”). If you have any questions about the contents of this Brochure, please contact us at (212) 489-0100. 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.

SWMG is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about SWMG also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for SWMG is 125882.

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### **Item 3 – Material Changes**

This Item of the Brochure will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. The most recent update of our Brochure was 4/12/16.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Mr. Lawrence E. May, President, Managing Member and Chief Compliance Officer at (212) 489-0100.

## **Item 4 – Advisory Business**

Strategic Wealth Management Group (SWMG) is owned by Mr. Lawrence E. May. SWMG has been providing advisory services since 1999. Lawrence E. May has been in the advisory business since 1994.

As of December 31, 2016, SWMG managed \$270,465,122 on a discretionary basis and \$291,869 on a non-discretionary basis at Charles Schwab & Company. In addition, SWMG managed \$1,144,959 on a discretionary basis at Fidelity for a total of \$271,901,950 in regulatory assets under management.

SWMG acts as a retirement plan co-fiduciary on \$7,581,138 of ERISA assets held at Frontier Trust. SWMG also acts as a consultant on \$8,803,323 of ERISA assets held at Fidelity and \$2,124,793 of ERISA assets held at Charles Schwab & Company for which we receive a quarterly fee. In addition, SWMG acts as a solicitor for \$3,014,133 of individual assets and \$2,604,791 of ERISA assets held at Brinker Capital.

### **Investment Management Services:**

SWMG manages investment portfolios for individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations. SWMG provides continuous advice regarding investments based on individual needs of clients. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, SWMG creates and manages a portfolio based on that information. SWMG will manage these advisory accounts on a discretionary and non-discretionary basis. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income). Clients are actively encouraged to maintain constant contact with SWMG regarding their circumstances and any changes in financial condition, investment strategy or any other issue that may affect the way SWMG manages the client's account.

SWMG will create portfolios consisting of one or all of the following: individual common stock and preferred stock, corporate & municipal bonds, ETF's (exchange traded funds), no-load/load-waived or low transaction fee mutual funds, certificates of deposit, treasuries, money market funds or any other public traded security. SWMG will allocate the client's assets among various investments based upon the advisor's knowledge of the client's needs. The ETF's or mutual funds will be selected on the basis of any or all of the following criteria: the fund's performance history, the industry sector in which the fund invests, the track record of the fund's manager, the fund's investment objectives, the fund's management style and philosophy, and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances.

Clients will retain individual ownership of all securities. Each investment management account is assigned to an SWMG investment adviser representative. Investment management accounts are managed on an individual client basis based on that client relationship and that investment adviser representative's investment decisions. As such, each SWMG investment adviser representative will make different investment decisions for clients (within client investment objectives) and account performance may vary among the different SWMG investment adviser representatives and client accounts.

### **I. Participation with Charles Schwab & Company, Inc. ("Schwab") Advisor Services**

SWMG has custodial and brokerage relations with Schwab, a FINRA Member broker-dealer (member FINRA/SIPC) through its Schwab Advisory Services (**SAS**) to financial advisors. Schwab provides on-line services for account administration and operational support, including electronic trading, account forms and applications, trading authorization, accounting and reporting and other relevant administration and support services. The overall majority of our clients have their accounts with Schwab acting as the custodian.

### **II. TD Ameritrade Separate Account Exchange Program ("SAE")**

SWMG has entered into a business arrangement with the Third-Party Manager Services of TD Ameritrade, a FINRA member broker/dealer (member FINRA/SIPC) under a properly executed TD Institutional Client Agreement. Access to Separate Account Exchange is provided solely as a service to financial advisors using the brokerage, execution, and custody services of TD Ameritrade Institutional.

### **III. Brinker Capital Management Programs:**

In certain client situations SWMG acts as a solicitor with Brinker Capital Management which offers a separate account program providing clients with access to independent money management firms through the Core Asset Manager and Destinations wrap-fee programs ("the Programs") offered by Brinker Capital Management, Inc. ("BCM"), an unaffiliated investment adviser.

### **IV. Pension Consulting Services:**

SWMG provides several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, SWMG will also offer these services, where appropriate, to individuals and trusts, estates and charitable organizations.

Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

### 1. Investment Policy Statement Preparation (hereinafter referred to as "IPS"):

SWMG will meet with the client (in person or over the telephone) to determine the client's investment needs and goals. SWMG may prepare a written IPS stating those needs and goals and discuss a target asset allocation for managing the assets.

### 2. Selection of Investment Vehicles:

SWMG will review various investments, to determine which of these investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined based upon the advisors knowledge of the client's needs reflected on the Investment Policy Statement.

### 3. Monitoring of Investment Performance:

Client investments will be monitored periodically based on the procedures and timing intervals delineated, in the event we have prepared an Investment Policy Statement. Although SWMG will not be involved in any way in the purchase or sale of these investments, SWMG will supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

### 4. Employee Communications:

For pension, profit sharing and 401(k) plan clients where there are individual accounts with participants exercising control over assets in their own account ("self-directed plans"), SWMG also provides educational support for the Plan participants.

The nature of the topics to be covered will be determined by SWMG and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide Plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

### **V. Consulting Services:**

Clients can also receive investment advice on a more limited basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, reviewing a client's existing portfolio, or any other specific topic. SWMG also provides specific consultation and administrative services regarding investment and financial concerns of the client.

## **Item 5 – Fees and Compensation**

SWMG's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. These fees will generally include a management fee and other fund expenses. All fees paid to SWMG for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders.

Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

### **Investment Management Services with Schwab:**

The specific manner in which fees are charged by SWMG is established in a client's written agreement with SWMG. For Investment Management Services, SWMG will request authority from the client to receive quarterly or monthly payments directly from the client's account held by an independent custodian unless a Client elects to be billed directly for fees. Accounts initiated or terminated during a billing quarter will be charged a prorated fee. We have the right to bill on an off calendar cycle.

The annual fee for Investment Management Services will be charged as a percentage of assets under management as agreed to with the client and typically range from 0.20% to 2.0% per annum, depending on such factors as account size and investment objectives. We normally have a minimum annual fee of \$2,500. Clients will be charged in arrears at the end of each three month cycle based upon the average daily market value of the client's account at the end of the previous quarter. SWMG may also charge clients an account opening fee of \$250 plus \$50 for each other affiliated family account. SWMG may charge a minimum annual fee of \$250 for the first family account and \$50 per each additional household account debited quarterly. This is in addition to the minimum asset management fee of \$2,500 per year; both fees are negotiable.

**Brinker Capital Management Programs:**

Clients participating in one or both of the BCM programs may be charged various program fees in addition to the advisory fee charged by SWMG. Such fees may include, but are not limited to, the investment advisory fees of the independent money managers, separate brokerage transactions, separate asset allocation advice and/or separate independent reporting. Clients participating in a wrap program, however, may be charged some or all of these fees as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services.

Client's portfolio transactions are executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should consider that, depending upon the level of the wrap fee charged by the wrap-fee program sponsor, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. SWMG will review with clients any separate program fees that may be charged to clients.

SWMG's portion of the annual fee for accounts within one or both of the BCM programs will be charged as a percentage of assets under management on which SWMG advises the selection of separate account managers, ranging from 0.50% to 1.50%. SWMG's fees will be billed on a quarterly basis either in advance or arrears depending upon the billing practices of each program. Clients participating in one or more of the Brinker Capital Management Programs should review the program(s) disclosure documents for information concerning any minimum account size and/or minimum annual fee.

Advisory clients are strongly encouraged to review the relevant disclosure documents of each program to clearly understand the billing procedures, as well as the termination and fee refund policy for each program in which the client participates.

**Pension Consulting Services:**

SWMG offers several fee options. SWMG may be compensated based on an annual percentage of plan assets for services involving ongoing review, or it may be compensated by an hourly fee or fixed fee.

The annual fee may range from 0.20% to 2.00% of plan assets depending on the services requested and the size of the plan. Plan sponsors will be invoiced in advance or arrears at the beginning of each calendar quarter or semi-annually as agreed to at the start of the relationship. Fees will be based upon the value of the plan at the end of the previous period. SWMG's hourly charges range from \$175-\$500 per hour. A fixed fee may be quoted based on



an estimate of hours for the services requested. SWMG may request a retainer for hourly and fixed fee arrangements.

The amount of a requested retainer will never exceed the fee for services to be provided within the first six months of an engagement or 50% of the estimated fee.

These different types of fees may also be combined as appropriate for the different types of services requested by the client. A total minimum of \$3,000 is required for 404(C) compliance. This minimum fee may prevent SWMG from providing services to very small ERISA plans.

### **Consulting Services:**

Consulting fees will be charged in one of two ways:

1. As a fixed fee, typically ranging from \$500-\$4,000, depending on the nature and complexity of each client's circumstances. 50% of this fee may be due upon signing the consulting agreement, with the balance due upon presentation of the financial plan or consulting work to the client.
2. On an hourly basis, ranging from \$175-\$500 per hour, depending on the nature and complexity of each client's circumstances, as well as the individual conducting the work. If appropriate, an estimate for total hours may be determined at the start of the advisory relationship; 50% of the estimated fee may be due upon signing the advisory agreement, with the balance (based on actual hours) due upon presentation of the plan to the client.

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

SWMG does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

## **Item 7 – Types of Clients**

SWMG provides services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations.

Account Minimums: See minimum fee requirements under Item 5 for each respective service description above.

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

### **Methods of Analysis and Investment Strategy**

In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, SWMG relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk.

Investing in securities involves risk of loss of principal that clients should be prepared to bear. We do have the ability to purchase certificates of deposit and treasuries which do have certain FDIC insurance and/or U.S. government guarantees, respectively.

Our investment strategies include portfolios that are designed for income, income and growth, growth and aggressive growth. Our analysis to determine the purchase of securities for our clients includes our view of the markets and clients' needs based on our years of experience, research either through the Wall Street Journal, NY Times, Barons and other financial publications. This includes research that is available to us from Schwab, the internet as well as industry conferences. With regard to bonds we view all asked prices on a particular security and purchase the "lot" that has the highest yield. Individual securities are purchased either at market or with a limit order. We frequently use "block trades."

### **Proprietary ETF (electronically traded funds)**

We have created a proprietary portfolio utilizing Charles Schwab's line-up of no- transaction or low transaction cost ETF's (exchange traded funds). After careful research and analyzing historic returns, we have developed a few portfolios that allow us to gain exposure to the following areas: Large Cap US Equity, Mid-Cap US equity, Small-Cap US equity, Real Estate Investment Trusts, International Large-Cap, Emerging Markets, Bonds and other asset classes.

Other than the ETF portfolio strategy outlined above, our firm deploys a strategy of diversification based on the client's objectives and the market conditions that exist at the time the portfolio is constructed. As a general statement we do not frequently trade securities although we are not precluded from doing so. Frequently trading securities could result in higher trading costs than buying and holding a security. (Schwab currently charges \$8.95 for trades if you are enrolled in e-delivery and \$19.95 if you receive a paper confirmation).

Frequently trading securities also effects taxation; ordinary income taxation on the gain versus long term capital gain taxation if the security is held for a longer period of time. The taxation of long and short term gains is based on the tax laws at the time the trade is made. Currently it is one year for long term capital gain treatment.

### Risk of Loss

#### **Investing in securities involves risk of loss that clients should be prepared to bear.**

All investments present the risk of loss of principal – the risk that the value of securities, when sold or otherwise disposed of, may be less than the price paid for the securities.

The securities and instruments (including securities and instruments independent managers hired by SWMG utilize) utilized by SWMG are subject to normal market fluctuations and other risks inherent in investing in such investments and there can be no assurance that any appreciation in value will occur. Securities markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Different parts of the market can react differently to these developments and the value of an individual security or particular type of security can be more volatile than, and can perform differently from, the market as a whole. Investing in foreign securities involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility.

Investing in equity securities and equity-related securities (collectively “equity securities”) includes market risk, issue risk, price volatility risk and market trends risk. SWMG may invest in equity securities without regard to market capitalization. The securities of small-to-medium-sized (by market capitalization) companies, or financial instruments related to such securities, may have a more limited market than the securities of larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than for securities of a company with a large market capitalization and broad trading market. In addition, securities of small-to-medium-sized companies may have greater price volatility as they are generally more vulnerable to adverse market factors such as unfavorable economic reports.

The mutual funds and ETFs utilized by SWMG may include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed income securities and commodities. Equity securities may include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. For certain clients, we can purchase options.

Before investing in mutual funds, clients should understand that mutual funds are not insured by the FDIC, NCUSIF, or any other federal government agency and are not deposits

or obligations of, guaranteed by, or insured by, the depository institution where offered or any of its affiliates. Mutual funds involve investment risk and may lose value.

When appropriate to the needs of the client, SWMG may also recommend to advisory clients investments in private placement offerings, limited investment partnerships and/or structured notes. Investments in Private Placements and/or limited investment partnerships involve additional risk of loss, including the risk of loss of a full investment. Structured notes may be FDIC insured.

Because these types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. Clients need to be aware that these types of investments do not afford the same level of liquidity as traditional investments and may be subject to lock-ups and other liquidity restrictions. The risk of loss described herein should not be considered to be an exhaustive list of all the risks which Clients should consider. Investors in Private Funds should refer to the applicable Offering Documents for additional information on risk factors and risk of loss.

## **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to any evaluation of SWMG or the integrity of SWMG's management. Currently there are no material facts regarding any legal or disciplinary events.

## **Item 10 – Other Financial Industry Activities and Affiliations**

### Affiliated Insurance Agents / Registered Broker-Dealers

SWMG is affiliated through both ownership and control with May Financial Group, Ltd., a financial planning/insurance firm, and May Capital Group, LLC, a broker dealer and FINRA member. Mr. May and Mr. Horowitz are also principals and Registered Representatives in Gerson Horowitz Green Securities Corp. (GHG) also a member of FINRA. Certain of the principal executive officers and other employees are separately licensed as registered representatives of May Capital Group, LLC and GHG. These individuals are also insurance agents/brokers for one or more insurance companies. As such, these individuals, in their separate capacities as registered representatives and/or insurance agents/brokers, may implement product transactions on behalf of advisory clients for separate and distinct commission compensation.

However, SWMG emphasizes that clients are under no obligation to utilize either of these firms in any capacity.

Furthermore, SWMG will not and cannot utilize May Capital Group, LLC or GHG for client trades resulting from SWMG advisory activities. While these individuals endeavor at all times to put the interest of the clients first as part of SWMG's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

SWMG has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. SWMG's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth SWMG's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with SWMG may buy or sell securities for their personal accounts identical or different than those recommended to clients. It is the expressed policy of SWMG that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, SWMG requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the firm's Chief Compliance Officer. SWMG also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings). SWMG's Code also includes oversight, enforcement and recordkeeping provisions.

SWMG's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. SWMG requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

A copy of SWMG's Code of Ethics is available to SWMG's advisory clients or prospective client upon request to the Chief Compliance Officer at SWMG's principal office address.

## **Item 12 – Brokerage Practices**

### **Investment Management Services:**

#### **The Custodian and Broker We Use**

SWMG (“we/our”) does not maintain custody of your assets that we manage. Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. As such, SWMG recommends that our clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. Please note SWMG is independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when SWMG instructs them to.

While SWMG recommends that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described in the next paragraph.

#### **How SWMG Selects Brokers/Custodians to Recommend**

SWMG seeks to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. SWMG considers a wide range of factors, including, among others:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients

- availability of other products and services that benefit us, as discussed below (*see “Products and Services Available to Us from Schwab”*)

### **Your Custody and Brokerage Costs**

For our clients’ accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab’s commission rates applicable to our client accounts were negotiated based on our commitment to maintain a certain amount of our clients’ assets statement equity in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be if we had not made the commitment.

In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited or settled into your Schwab account.

These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

### **Products and Services Available to Us from Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab’s business serving independent investment advisory firms like SWMG. They provide SWMG and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts while others help us manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us.

**Services that Benefit You.** Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

**Services that May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. SWMG may use this research to service all or some substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

**Services that Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

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

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

SWMG believes that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services based on the factors discussed above – *see "How We Select Brokers/Custodians to Recommend"*.

SWMG reserves the right to decline acceptance of any client account that directs the use of a broker dealer other than Schwab if SWMG believes that this would adversely affect SWMG's duty to obtain best execution.

In directing the use of Schwab it should be understood that SWMG will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to other clients.

SWMG may employ block trading where possible and when advantageous to clients. SWMG will aggregate client trades in accordance with the initial order ticket or other written statement of allocation. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple clients' accounts so long as transaction costs are shared equally and on a pro-rata basis between all accounts included in any such block. Block



trading allows SWMG to execute equity trades on a more timely and equitable manner. However, adjustments to this pro rata allocation may be made to avoid having odd amounts or minimal number of shares held in any client account, to avoid deviations from pre-determined minimum/maximum holdings limits established for any account or to avoid a client account cash balance from being overdrawn. To the extent that SWMG determines to aggregate client orders for the purchase or sale of securities, SWMG shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. SWMG shall not receive any additional compensation or remuneration as a result of the aggregation.

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

The term “soft dollars” refers to a means of paying brokerage firms or other third parties for products and services through commission revenue, based on the volume of brokerage commission revenues generated from securities transactions executed through brokers by an investment manager on behalf of advisory clients. SWMG is authorized to direct brokerage to firms which furnish or pay for research and/or brokerage services within the “safe harbor” provided by Section 28(e) of the Securities Exchange Act of 1934 (“Exchange Act”). Consequently, a conflict of interest exists as SWMG benefits from the arrangement because it does not have to produce or pay for the research it receives and has an incentive to select a broker-dealer based on SWMG’s interest in receiving research or other products or services, rather than SWMG’s interest in receiving the most favorable execution. Mitigating this conflict is that all the research and other services noted below benefit SWMG’s clients.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, SWMG may receive from SAS without cost (and/or at a discount) support services and/or products, certain of which assist SWMG to better monitor and service client accounts maintained at such institutions.

Included within the support services that may be obtained by SWMG may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by SWMG in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist SWMG in managing and administering client accounts. Others do not directly provide such assistance, but rather assist SWMG to manage and further develop its business enterprise. SWMG’s clients do not pay more for investment transactions effected and/or

assets maintained at SAS as a result of this arrangement. There is no corresponding commitment made by SWMG to SAS or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

#### **Brinker Capital Management Programs:**

A condition of participation in BCM's Core Asset Manager and/or Destinations programs is that all clients must use NFSC for clearing.

Please refer to the applicable Wrap Fee brochure and the disclosure document(s) of the investment manager(s) used in these programs for information on brokerage practices.

### **Item 13 – Review of Accounts**

#### **Reviews:**

##### **Investment Management Services:**

While the underlying securities within Investment Management Services client accounts are continuously monitored, these accounts will be reviewed periodically by the SWMG Principal in charge of the account. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, market conditions or client request.

##### **Brinker Capital Management Programs:**

The accounts of clients participating in Brinker Capital management, Inc.'s core Asset Manager and/or Designations program will be reviewed periodically by Lawrence E. May, Managing Member of SWMG.

##### **Pension Consulting Services & Consulting Services:**

Pension Consulting and consulting accounts will be reviewed as contracted for with the client at the inception of the advisory relationship.

For all accounts, more frequent reviews may be triggered by such factors as a change in the client's circumstances.

## **Reports:**

Investment Management Services clients receive monthly statements and confirmations of transactions from their broker dealer. SWMG provides no regular reports to these clients.

Clients participating in Brinker Capital Management, Inc.'s Core Asset Manager and/or Destinations program will receive monthly or quarterly statements for their accounts directly from the custodian. For managed accounts, which have monthly activity, clients will receive monthly statements. In addition, clients will receive confirmation of all security transactions from the clearing firm either on a trade-by-trade basis, quarterly by mail or through Brinker's website as further disclosed on their ADV form. SWMG provides no regular reports to Pension Consulting and/or Consulting clients.

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

### **Client Referrals**

SWMG may from time to time compensate, either directly or indirectly, any person (defined as a natural person or a company) for client referrals. SWMG is aware of the special considerations promulgated pursuant to Rule 206(4)-3 under the Investment Advisers Act of 1940. As such, appropriate disclosure shall be made, all written instructions will be maintained by SWMG and all applicable Federal and /or State laws will be observed.

### **TD Ameritrade Separate Account Exchange Program ("SAE")**

TD Ameritrade has established SAE that allows Investment Managers that have discretion over investor portfolios custodied at TD Ameritrade to choose SWMG as an independent RIA. SAE accounts are dual-contract: the end client signs a service agreement with both SWMG and an Investment Manager.

TD Ameritrade does not supervise SWMG and has no responsibility for SWMG's management of client portfolios or SWMG's other advice or services. SWMG will not charge clients referred through SAE any fees or costs higher than its standard fee schedule offered to its clients.

SWMG's participation in SAE raises potential conflicts of interest. Investment Managers will most likely refer clients through SAE to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from Investment Managers, SWMG may have an incentive to maintain assets held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade.

In addition, SWMG has agreed not to solicit clients referred to it through SAE to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Advisor's participation in SAE does not diminish its duty to seek best execution of trades for client accounts.

### Other Compensation

SWMG may receive access to services, which are not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge. These services benefit SWMG but may not benefit its clients' accounts. Many of the products and services assist SWMG in managing and administering clients' accounts.

These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of SWMG's fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of SWMG's accounts. SWMG may also receive other services intended to help SWMG manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. The availability to SWMG of the foregoing products and services is not contingent upon Advisor committing to any specific amount of business (assets in custody or trading). While as a fiduciary, SWMG endeavors to act in its clients' best interests, SWMG's requirement that clients maintain their assets in accounts may be based in part on the benefit to SWMG of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the brokers, which may create a potential conflict of interest.

## **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets.

SWMG urges you to carefully review such statements and compare them to any account statements that we may provide to you. SWMG statements that may be provided from time to time may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

For discretionary clients, SWMG requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold.

Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

When selecting securities and determining amounts, SWMG observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to SWMG in writing.

## **Item 17 – Voting *Client* Securities**

Proxy Voting: As a matter of firm policy and practice, SWMG does not accept the authority to and does not vote proxies on behalf of advisory client. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive applicable proxies directly from the issuer of securities held in clients' investment portfolios. However, SWMG may provide clients with consulting assistance regarding proxy issues.

Class Actions, Bankruptcies and Other Legal Proceedings: Clients should note that SWMG will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct SWMG to transmit copies of class action notices to the client or a third party. Upon such direction, SWMG will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about SWMG's financial condition.

SWMG has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.