

Disclosure Brochure

March 23, 2012

Strategic Family Wealth Counselors, L.L.C.

a Registered Investment Adviser

100 Passaic Avenue
Fairfield, New Jersey 07004

(973) 575-3444

www.strategicfamilywealth.com

This brochure provides information about the qualifications and business practices of Strategic Family Wealth Counselors, L.L.C. (hereinafter "SFWC" or the "firm"). If you have any questions about the contents of this brochure, please contact Michael T. Dwyer, III at (973) 575-3444. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Strategic Family Wealth Counselors, L.L.C. is available on the SEC's website at www.adviserinfo.sec.gov.

Strategic Family Wealth Counselors, L.L.C. is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since SFWC's last annual update dated March 29, 2011. SFWC does not have any material changes to disclose in this Item.

Item 3. Table of Contents

Firm Disclosure Brochure

Item 1.	Cover Page	i
Item 2.	Material Changes	ii
Item 3.	Table of Contents	iii
Item 4.	Advisory Business	4
Item 5.	Fees and Compensation	7
Item 6.	Performance-Based Fees and Side-by-Side Management	10
Item 7.	Types of Clients.....	11
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss	12
Item 9.	Disciplinary Information.....	16
Item 10.	Other Financial Industry Activities and Affiliations	17
Item 11.	Code of Ethics	18
Item 12.	Brokerage Practices	19
Item 13.	Review of Accounts.....	22
Item 14.	Client Referrals and Other Compensation	23
Item 15.	Custody	24
Item 16.	Investment Discretion.....	25
Item 17.	Voting Client Securities	26
Item 18.	Financial Information	27

Item 4. Advisory Business

Since March 2000, SFWC has been in business as an independent registered investment adviser, dedicated to providing its clients with a wide range of investment related solutions necessary to assist them in their pursuit of financial success. SFWC's expansive service offerings include comprehensive wealth management, financial planning, and portfolio management. The firm's principal owner is Michael T. Dwyer, III. As of December 31, 2011, SFWC had \$475,854,000 in assets under management, of which \$410,774,000 were managed on a discretionary basis and \$65,080,000 were managed on a non-discretionary basis.

Prior to engaging SFWC to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with SFWC setting forth the terms and conditions under which SFWC renders its services (collectively the "*Agreement*").

This Disclosure Brochure describes the business of SFWC. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of SFWC's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on SFWC's behalf and is subject to SFWC's supervision or control.

Financial Planning Services

SFWC's financial planning services encompass a variety of functions addressing a multitude of investment and non-investment related matters. These services may incorporate any or all of the following, without limitation:

- Investment policy statements;
- Financial independence models;
- Survivor income needs analysis;
- Education planning analysis;
- Cash flow models;
- Estate planning analysis;
- Investor education;
- Wealth transfer;
- Statements of financial positions; and
- Risk management strategy.

SFWC's financial planning services are typically reserved for the firm's investment management clients, as explained below. However, in certain circumstances, SFWC may also provide these services to non-investment management clients on a standalone basis.

In performing its services, SFWC is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. SFWC may recommend the services of itself, its *Supervised Persons* in their individual capacities as registered representatives of a broker-dealer, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if SFWC recommends its own

services. The client is under no obligation to act upon any of the recommendations made by SFWC under a financial planning or consulting engagement or to engage the services of any such recommended professional, including SFWC itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of SFWC's recommendations. Clients are advised that it remains their responsibility to promptly notify SFWC if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising SFWC's previous recommendations and/or services.

Investment Management and Wealth Management Services

SFWC manages clients' investment portfolios on a discretionary and/or non-discretionary basis. Typically portfolio management is rendered in conjunction with the firm's financial planning services under a single, coordinated offering (collectively, SFWC's "wealth management services").

SFWC primarily allocates clients' investment management assets among *Independent Managers* (as defined below), mutual funds, exchange-traded funds ("ETFs") and collective investment vehicles in accordance with the investment objectives of the client. The firm also provides advice with regard to legacy positions or investments otherwise held in its clients' portfolios.

Certain of the collective investment vehicles recommended by SFWC take the form of private placement securities. As such, SFWC limits such recommendations to clients who are deemed to be "accredited investors," as defined by Rule 501 under the Securities Act of 1933. SFWC also provides advice about any type of investment held in clients' portfolios.

SFWC also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, SFWC either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

SFWC tailors its advisory services to the individual needs of clients. SFWC consults with clients initially and on an ongoing basis to develop an investment policy statement which determines risk tolerance, time horizon and other factors that may impact the clients' investment needs. SFWC ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify SFWC if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon SFWC's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in SFWC's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Use of Independent Managers

As mentioned above, SFWC recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between SFWC or the client and the designated *Independent Managers*. SFWC renders services to the client relative to the discretionary selection of *Independent Managers*. SFWC also monitors and reviews the account performance and the client's investment objectives. SFWC receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When selecting an *Independent Manager* for a client, SFWC reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that SFWC considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, SFWC's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by SFWC, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to SFWC's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than SFWC. In such instances, SFWC may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

Sponsor of Wrap Program

SFWC is the sponsor of the Strategic Family Wealth Counselors Program (the "*Program*"), a wrap fee program. In the event the client participates in the *Program*, SFWC provides its investment management services and arranges for brokerage transactions under a single annualized fee. Participants in the *Program* may pay a higher aggregate fee than if investment management and brokerage services are purchased separately. A complete description of the *Program's* terms and conditions (including fees) are contained in the *Program's* wrap fee brochure, as set forth on Part 2A Appendix 1 of SFWC's Form ADV (the "Wrap Fee Brochure"). SFWC manages wrap fee accounts in substantially the same fashion as non-wrap fee accounts.

Item 5. Fees and Compensation

SFWC offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. Additionally, certain of SFWC's *Supervised Persons*, in their individual capacities, may offer securities brokerage services and insurance products under a commission arrangement.

Financial Planning Fees

SFWC charges a fixed and/or hourly fee for the firm's standalone financial planning services. These fees are negotiable, but generally range from \$2,500 to \$100,000 on a fixed fee basis and/or from \$250 to \$500 on an hourly rate basis. The fee is largely determined by the level and scope of the services and the professional engaged to render them. If the client engages SFWC for additional investment advisory services, SFWC may offset all or a portion of its fees for those services based upon the amount paid for the financial planning services.

Prior to engaging SFWC to provide financial planning services, the client is required to enter into a written agreement with SFWC setting forth the terms and conditions of the engagement. Generally, SFWC requires one-half of the financial planning fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

Investment Management and Wealth Management Fees

SFWC provides investment management services for an annual fee based upon a percentage of the assets under management. The annual fee varies between 0.10% and 1.50% of the assets being managed by SFWC, depending upon the size of a client's portfolio and the investment management services to be rendered. This fee is prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. Certain of the firm's financial planning services may be included under this annual asset-based fee, as part of SFWC's wealth management offering.

SFWC's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. SFWC does not, however, receive any portion of these commissions, fees, and costs.

SFWC, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), SFWC generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*") for investment management accounts.

SFWC may only implement its investment management recommendations after the client has arranged for and furnished SFWC with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Schwab*, any other broker-dealer recommended by SFWC, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers*, custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to SFWC's fee.

Fee Debit

SFWC's *Agreement* and the separate agreement with any *Financial Institutions* may authorize SFWC or *Independent Managers* to debit the client's account for the amount of SFWC's fee and to directly remit that management fee to SFWC or the *Independent Managers*. Any *Financial Institutions* recommended by SFWC have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to SFWC. Alternatively, clients may elect to have SFWC send an invoice for payment.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between SFWC and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. SFWC's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to SFWC's right to terminate an account. Additions may be in cash or securities provided that SFWC reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to SFWC, subject to the usual and customary securities settlement procedures. However, SFWC designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. SFWC may consult

with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

Commissions or Sales Charges for Recommendations of Securities

Clients can engage certain persons associated with SFWC (but not SFWC) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with SFWC. Under this arrangement, clients may implement securities transactions through certain of SFWC's *Supervised Persons* in their respective individual capacities as registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), an SEC registered broker-dealer and member of FINRA. PKS may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by PKS to such *Supervised Persons*. Prior to effecting any transactions clients are required to enter into a new account agreement with PKS. The brokerage commissions charged by PKS may be higher or lower than those charged by other broker-dealers. In addition, certain of SFWC's *Supervised Persons* may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment. The 12b-1 fees paid by Schwab to PKS represent a significant amount of Schwab's mutual fund services fee and is paid in recognition of certain shareholder servicing that certain of the firm's *Supervised Persons* perform with respect to those mutual fund assets while the client holds shares of the mutual fund. SFWC also recommends no-load funds to clients.

A conflict of interest exists to the extent that SFWC recommends the purchase of securities where SFWC's *Supervised Persons* receive commissions or other additional compensation as a result of SFWC's recommendations. SFWC has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients.

For accounts covered by ERISA, SFWC provides its investment advisory services on a fee-offset basis. In this scenario, SFWC may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by SFWC's *Supervised Persons* in their individual capacities as registered representatives of PKS. For other accounts, SFWC, in its sole discretion, may offset its advisory fees by an amount equal to all or a portion of the aggregate 12b-1 fees earned by SFWC's *Supervised Persons* in their individual capacities as registered representatives of PKS.

SFWC's *Supervised Persons* currently devote approximately one percent (1%) of their time to commission securities brokerage business.

Item 6. Performance-Based Fees and Side-by-Side Management

SFWC does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

SFWC provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimums Imposed By Independent Managers

SFWC does not impose a minimum portfolio size or minimum annual fee. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than SFWC. In such instances, SFWC may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

Methods of Analysis

SFWC's primary methods of analysis are largely fundamental in nature.

Fundamental analysis involves the examination of the fundamental financial condition and competitive position of a company. SFWC involves an analysis of the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors, which is used to determine the firm's investment decisions. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Investment Strategies

Each client has goals and objectives that are unique. The firm's approach recognizes that and takes the time to thoroughly listen to clients in an effort to gain an understanding of their individual situations, concerns and expectations. SFWC asks questions, listens to concerns and welcomes discussion as alternatives are considered. As such, SFWC's strategy for managing its clients' wealth involves a multi-tiered process, as follows:

1. The firm completes the initial discovery interview in an effort to review and develop an understanding of the client's current financial position, as well as to verify the client's short, intermediate and long term goals.
2. SFWC sends a discovery letter to verify the financial information gained during the interview process.
3. The firm prepares a detailed statement of financial position, current investment allocation and verification of goals and objectives.
4. SFWC prepares a written financial plan, outlining goals and recommendations regarding how to meet the client's objectives in the most appropriate manner. The firm also develops a Financial Independence Model in an effort to determine the minimum rate of return a client would need to earn in order to meet their financial objectives based on their available capital and time horizon. By determining this minimum investment hurdle rate, it allows SFWC to create portfolios that are designed with the goal of providing clients with the greatest opportunity of meeting their targeted investment return with the minimum amount of volatility.
5. SFWC then offers to develop an investment policy statement, which aids in the following ways:
 - a. Clarifies objectives and expectations for all concerned parties;
 - b. Approves specific procedures so that all parties concerned know what to expect;
 - c. Compels the investor and advisor to be more disciplined and systematic in their decision-making;

- d. Minimizes the potential for misunderstandings;
 - e. Establishes a record of decisions and an objective means to test whether those serving the investor are complying with the investor's requirements;
 - f. Provides a means to communicate to advisors, beneficiaries, and current and future fiduciaries on how the investor proposes to act upon their duties.
6. The firm seeks to identify appropriate investment managers to be utilized as part of the process, which include:
- a. Active versus passive management
 - b. Security selection of:
 - i. Mutual funds
 - ii. ETFs
 - iii. Separate account managers
 - iv. Individual stocks
 - v. Individual bonds
 - vi. Hedge funds
 - vii. Private equity
 - viii. Commodities
 - ix. Real estate
 - x. Managed futures
7. SFWC develops a timeline and implementation strategy in order to initiate recommendations.
8. The firm then initiates the investment strategy.
9. SFWC continues to monitor quarterly performance of investment assets against stated objectives.
10. On an annual basis, the firm updates cash flow models and Statements of Financial Positions in an effort to assure family objectives are being met, as well as incorporating any changes in financial situation or the client's philosophy.

Risks of Loss

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market

volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Options

Options allow investors to buy or sell a security at a contracted "strike" price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Market Risks

The profitability of a significant portion of SFWC's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that SFWC will be able to predict those price movements accurately.

Use of Independent Managers

SFWC may recommend the use of *Independent Managers* for certain clients. SFWC will continue to do ongoing due diligence of such managers, but such recommendations relies, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, SFWC does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

Use of Private Collective Investment Vehicles

SFWC may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called "hedge funds"). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade

on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other offering documents explaining such risks.

Use of Margin

To the extent that a client authorizes the use of margin, and margin is thereafter employed by SFWC in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to SFWC will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin shall correspondingly increase the management fee payable to SFWC. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client's portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client's securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client's obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

SFWC is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. SFWC does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

SFWC is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

Registered Representatives of Broker Dealer

As discussed in Item 5, certain of SFWC's *Supervised Persons* are registered representatives of *PKS*.

Receipt of Insurance Commission

Certain of SFWC's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While SFWC does not sell such insurance products to its investment advisory clients, SFWC does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that SFWC recommends the purchase of insurance products where SFWC's *Supervised Persons* receive insurance commissions or other additional compensation.

Item 11. Code of Ethics

SFWC and persons associated with SFWC (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with SFWC’s policies and procedures.

SFWC has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by SFWC or any of its associated persons. The *Code of Ethics* also requires that certain of SFWC’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in SFWC’s *Code of Ethics*, none of SFWC’s *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of SFWC’s clients.

When SFWC is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when SFWC is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact SFWC to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, SFWC generally recommends that clients utilize the brokerage and clearing services of *Schwab*.

Factors which SFWC considers in recommending *Schwab* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Schwab* enables SFWC to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Schwab* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by SFWC's clients comply with SFWC's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where SFWC determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. SFWC seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

SFWC periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct SFWC in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and SFWC will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by SFWC (as described below). As a result, the client may 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, SFWC may decline a client's request to direct brokerage if, in SFWC's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless SFWC decides to purchase or sell the same securities for several clients at approximately the same time. SFWC may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among SFWC's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among SFWC's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent

that SFWC determines to aggregate client orders for the purchase or sale of securities, including securities in which SFWC's *Supervised Persons* may invest, SFWC generally does 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. SFWC does not receive any additional compensation or remuneration as a result of the aggregation. In the event that SFWC determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, SFWC may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist SFWC in its investment decision-making process. Such research generally will be used to service all of SFWC's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because SFWC does not have to produce or pay for the products or services.

As discussed above, certain *Supervised Persons* in their respective individual capacities, are registered representatives of *PKS*. These *Supervised Persons* are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless *PKS* provides written consent. Therefore, clients are advised that certain *Supervised Persons* may be restricted to conducting securities transactions through *PKS* unless they first secure written consent from *PKS* to execute securities transactions through a different broker-dealer. Absent such written consent or separation from *PKS*, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than *PKS* under *PKS*'s internal supervisory policies. SFWC is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

Software and Support Provided by Financial Institutions

SFWC may receive from *Schwab*, without cost, computer software and related systems support, which allow SFWC to better monitor client accounts maintained at *Schwab*. SFWC may receive the software and related support without cost because the firm renders investment management services to clients that maintain assets at *Schwab*. SFWC has also received an Institutional Business Loan (the "Loan") from *Schwab* to assist SFWC in its business operations and the Loan is guaranteed by Michael T. Dwyer III, Principal of SFWC. The terms of the Loan require that management fees to SFWC be paid to an account at *Schwab* for deduction of interest and principal payments pursuant to the loan before SFWC may have access to that fee payment. The Loan agreement contains various representations by SFWC, including that it will maintain \$75 million in assets under management, and various events of default, including that SFWC will comply with all laws, contracts, licenses and permits. In the event of a default under the terms of the Loan agreement, *Schwab* may terminate and/or accelerate the Loan, which may have a material adverse effect on the firm's ability to perform services for its clients.

The loan, software and related systems support, and other benefits provided by *Schwab*, including the *Schwab* Loan noted above, may benefit SFWC, but not its clients directly. SFWC's recommendation that a client place assets in *Schwab*'s custody may be based in part on benefits *Schwab* provides to SFWC, and not solely on the nature, cost or quality of custody and execution services provided by *Schwab*. In fulfilling its duties to its clients, SFWC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that SFWC's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence SFWC's choice of broker-dealer over another broker-dealer that does not furnish similar financial support, software, systems support, or services.

Additionally, the firm may receive the following benefits from *Schwab* through its *Schwab* Institutional division: website development, portfolio management software subsidy and a line of credit, as well as receipt of duplicate client confirmations and bundled duplicate statements, access to a trading desk that exclusively services the *Schwab* Institutional participants, access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts, and access to an electronic communication network for client order entry and account information.

Item 13. Review of Accounts

For those clients to whom SFWC provides investment management services, SFWC monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom SFWC provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of SFWC’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with SFWC and to keep SFWC informed of any changes thereto. SFWC contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom SFWC provides investment advisory services will also receive a report from SFWC that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance not less than annually. Clients should compare the account statements they receive from their custodian with those they receive from SFWC.

Those clients to whom SFWC provides financial planning services will receive reports from SFWC summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by SFWC.

Item 14. Client Referrals and Other Compensation

SFWC is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. SFWC may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

In addition, SFWC is required to disclose any direct or indirect compensation that it provides for client referrals. SFWC does not compensate for referrals.

Item 15. Custody

SFWC's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize SFWC through such *Financial Institution* to debit the client's account for the amount of SFWC's fee and to directly remit that management fee to SFWC in accordance with applicable custody rules.

The *Financial Institutions* recommended by SFWC have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to SFWC. In addition, as discussed in Item 13, SFWC also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from SFWC.

Item 16. Investment Discretion

SFWC may be given the authority to exercise discretion on behalf of clients. SFWC is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. SFWC is given this authority through a power-of-attorney included in the agreement between SFWC and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). SFWC takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The *Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

SFWC is required to disclose if it accepts authority to vote client securities. SFWC does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

Item 18. Financial Information

SFWC does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, SFWC is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. SFWC has no disclosures pursuant to this Item.

Strategic Family Wealth Counselors, L.L.C.

a Registered Investment Adviser

100 Passaic Avenue
Fairfield, New Jersey 07004

(973) 575-3444

www.strategicfamilywealth.com

Prepared by:



MARKETCOUNSEL®
The Adviser's Advisor®