

**Form ADV Part 2a, Item 1:**

**FORM ADV PART 2A  
BROCHURE**

**STRATFORD ADVISORS INC.**

**3831 COUNTRY CLUB ROAD  
WINSTON-SALEM NORTH CAROLINA 27106  
(336) 777-3670  
[WWW.STRATFORDADVISORS.COM](http://WWW.STRATFORDADVISORS.COM)**

**IARD/CRD # 132413  
SEC # 801-63405**

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This brochure provides information about the qualifications and business practices of Stratford Advisors Inc. If you have any questions about the contents of this brochure, please contact us at (336) 777-3670. 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 Stratford Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Stratford Advisors is a Registered Investment Advisor. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

**Form ADV, Part 2A, Item 2:**

**Material Changes**

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None.

**Form ADV Part 2a, Item 3:**

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**Form ADV Part 2a, Item 4:**

**Advisory Business**

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A.) Stratford Advisors (SA) provides investment advisory services to individuals, families, trustees, and other institutions and business entities. The company is organized as a Subchapter S Corporation (Sub-S) and has been in business since 2004. The owner of the Company is Robert E. Pike.

B.) SA offers primarily portfolio management, investment research and security analysis services. Secondary services include wealth planning and investment consulting.

C.) SA attempts to customize each portfolio to each respective client's specific risk tolerance, time horizon and goals.

Client investment objectives are identified by assessing the client's risk tolerance based upon their age, income, education, need for cash flows, investment goals, and emotional tolerance for volatility. The information provided by the client will be collected during client meetings, interviews, and/or questionnaires.

After analyzing a client's financial situation and formulating an overall investment strategy, we implement the strategy through an optimal combination of investments. Capital market conditions and client circumstances are monitored and portfolio adjustments are made as appropriate to reflect significant changes in any or all of the above variables.

Clients may at any time request that SA refrain from investing in certain securities or types of securities. SA may accept or decline these requests depending on the specific nature of the circumstance.

D.) Not applicable

E.) As of December 31, 2011, SA managed \$54,808,435 in discretionary assets, and \$2,015,387 in non-discretionary assets.

**Form ADV Part 2a, Item 5:**

**Fees and Compensation**

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A.) For discretionary investment advisory services, compensation is based on a percentage of assets under management. Asset based fees are charged based on the following schedule:

<u>Assets Under Management</u>	
First \$2 Million	100 bps (1.00%)
Next \$2 Million	80 bps (0.80%)
Next \$2 Million	65 bps (0.65%)
Next \$2 Million	50 bps (0.50%)
Over \$8 Million	35 bps (0.35%)

Fees are generally not negotiable, but may, under some circumstances be modified (for instance, in a dedicated short term bond strategy). SA reserves the right to adjust the fee schedule for accounts depending on the size and type of account and the services required. In some cases, negotiation of fees may result in different fees being charged for similar services and may be less than the stated fee schedule.

SA may also be engaged on a consultative basis at an hourly rate commensurate with the scale and scope of the proposed assignment.

B.) Fees are deducted directly from the client's brokerage account pursuant to a written agreement, and are collected monthly in advance based on the previous month end asset value.

C.) Advisory fees charged by SA are separate and distinct from fees and expenses charged by exchange-traded, closed end, or mutual funds, which may be purchased in client portfolios. A description of these fees and expenses are available in each fund's prospectus.

Additionally, the fees charged by SA are exclusive of all custodial and transaction costs paid to custodians, brokers or any other third parties (trading commissions for example). Clients should review all fees charged by SA, custodians and brokers and others (including but not limited to third-party sub advisers) to fully understand the total amount of fees incurred, and are further directed to review Item 12 for more disclosure on our Brokerage Practices. Clients should be aware of their responsibility to verify the accuracy of the fee calculation submitted to the custodian by the Advisor, as the custodian may not determine whether the fee has been properly calculated.

D.) Fees must be paid monthly in advance. Investment advisory services begin with the effective date of the Investment Management Agreement, which is the date that the client signs the Agreement. For that calendar month, fees will be adjusted pro rata based upon the number of calendar days in the calendar month that the Agreement was effective.

Either SA or the client may terminate the Agreement in accordance with the termination provisions in the advisory contract. The client is responsible to pay for services rendered until

the termination of the agreement. The client can cancel the Agreement without penalty within the first five days after the signing of the Agreement. Fees collected in advance will be refunded to the client on a pro-rata basis based on the number of days that have passed from the beginning of the month until the date of receipt of Termination Notice.

E.) Not applicable

**Form ADV Part 2a, Item 6:**

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

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Not applicable

**Form ADV Part 2a, Item 7:**

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**Types of Clients**

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SA serves primarily Individuals, trustees, retirement accounts (IRAs, pension and profit sharing plans), charitable organizations, corporations and other business entities.

**Form ADV Part 2a, Item 8:**

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**Methods of Analysis, Investment Strategies and Risk of Loss**

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A.) SA uses fundamental and technical analysis in developing growth and income strategies. Fundamental analysis examines current and prospective security prices in relation to financial measurements and business appraisals determined through examination of an issuers' balance sheet, and income and cash flow statements. Technical analysis is a form of visual analysis that makes extensive use of charting to reveal sentiment and momentum conditions that may suggest future security price movements. Growth strategies emphasize an increase in the principal value of an investment, while income strategies focus on receipt of current cash payments.

Inherent in any investing activity is the risk of loss, both temporary and permanent, that clients or potential clients should be prepared to bear. We seek to minimize risk by examining and monitoring empirical data such as correlation coefficients and standard deviation of returns, and applying this data towards achieving an optimal blend of diverse securities in a portfolio context.

We further seek to limit risk by avoiding large concentrations in individual holdings or markets. We may invest for long or short term periods as circumstances require. In general, each asset

acquired has a targeted upside rate of return, consistent with its risk characteristics, and a downside tolerance beyond which the asset is sold.

B.) The primary material risk in utilizing fundamental analysis is relying on current financial statements that may later be determined to be fraudulent, despite a qualified auditors opinion and federal and state regulatory oversight of issuers.

Due to the increasingly interconnected and leveraged state of global financial markets, systemic material risks such as currency and sovereign debt collapses, banking failures and stock market crashes, and geo-political conflicts are omnipresent and should be assumed by all clients and prospective clients to have the potential to occur at any time.

C.) SA invests in a broad mix of investment assets, each of which has its own significant, unusual, or material risks. Common stocks, for instance, may become worthless due to company specific reasons, or due to changes in the competitive environment. Corporate bonds may default on interest or principal payments, or suffer meaningful declines in their creditworthiness. Foreign investments may experience highly unfavorable currency movements or governmental regulations/actions (expropriation of assets as an example). Supply and demand imbalances may produce violent and unexpected moves in physical asset markets like commodities and precious metals. SA at all times tries to anticipate these risks and position our client portfolios to avoid meaningful impairment of value.

**Form ADV Part 2a, Item 9:**

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**Disciplinary Information**

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A.) None

B.) None

C.) None

**Form ADV Part 2a, Item 10:**

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**Other Financial Industry Activities and Affiliations**

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A.) None

B.) None

C.) None

D.) None

**Form ADV Part 2a, Item 11:**

**Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

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A.) SA has adopted a Code of Ethics that all employees must re-affirm and sign annually and adhere to. The firm will provide a copy of the full Code of Ethics to clients or prospective clients upon request.

The Code of Ethics requires, among other things, that all employees act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets. It requires that employees place the integrity of the investment profession, the interests of clients, and the interests of SA above one's own personal interests; adhere to the fundamental standard that you should not take inappropriate advantage of your position; avoid or disclose any actual or potential conflict of interest; conduct all personal securities transactions in a manner consistent with this policy; use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities; practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession; promote the integrity of, and uphold the rules governing, capital markets; maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals; and comply with applicable provisions of the federal and state securities laws.

B.) Neither SA nor any related party of SA recommends, buys, or sells for client accounts, securities in which SA or any related person of SA has a material financial interest.

C.) The principals and employees of SA may buy and sell the same securities in their own personal accounts as those in client accounts. To avoid any potential conflicts of interest involving personal trades, SA's Code of Ethics requires any firm "Access Person" to:

- Pre-clear certain personal securities transactions
- Report personal securities transactions on at least a quarterly basis
- Provide SA with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

If the possibility of a conflict of interest occurs, the client's interest will prevail. It is the policy of SA that priority will always be given to the client's orders over the orders of an employee.

Employees of SA are prohibited from trading opposite of the company's recommendations or front-running client accounts, which is a practice generally understood to be employees personally trading ahead of proposed client transactions; engaging in short-term trades of mutual fund shares, also known as market timing, or engaging in the following insider trading activities:

- Trading by an insider while in possession of material non-public information



- Trading by a non-insider while in possession of material non-public information
- Communicating material non-public information to others in breach of a fiduciary duty

D.) Access Persons may buy or sell securities at or around the same time as those securities are recommended to clients, which can create a situation where the Access Person can materially benefit from these potential transactions. The possibility of conflict of interest therefore exists. As indicated in Item 11C above, SA has a personal securities transaction policy in place to monitor the personal securities transactions and holdings of each of SA's Access Persons.

**Form ADV Part 2a, Item 12:**

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**Brokerage Practices**

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A.) SA has selected Charles Schwab and to provide almost all broker-dealer services to the firm's clients. SA may occasionally use specialist brokers or execution services when transacting in illiquid or specialized markets. Primary factors we consider include the ability to execute trades, competitive margin rates, online access to accounts, transaction charges, consolidated reporting, duplicate monthly statements, access to mutual funds (including lower sales charges than for direct purchases and lower minimum purchase amounts), data delivery and software interface capabilities, and operational support.

1a,b,c,d: Charles Schwab provides SA and its clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to retail customers. Schwab also makes available various support services. Some of these services help SA manage or administer clients' accounts while others help manage and grow our business. SA therefore receives a benefit because we do not have to pay separately for alternative "a la carte" products or services. Note that the availability of Schwab's products and services is not based on SA giving particular investment advice, such as buying particular securities or funds for clients.

Many of Schwab's institutional brokerage services benefit all clients. These include access to a broad range of investment products, execution of securities transactions, and the 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 also makes available other products and services that benefit the firm but may not directly benefit a client. These products and services mostly assist us in managing and administering clients' accounts. They include investment research from Schwab and that of third parties. We may use this research to service all or a substantial number of clients' accounts, including accounts not maintained at Schwab.

In addition to investment research, Schwab also makes available software and other technology that provides access to client account data (such as duplicate trade confirmations and account

statements), provides pricing and other market data, facilitates payment of our fees from clients' accounts, and assists with back-office functions, recordkeeping and client reporting.

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 directly. In other cases, they will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive their 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. SA and Charles Schwab & Co. are not affiliates.

While all of the above factors may have the potential to create a conflict of interest and cause SA to favor Schwab over other broker-dealers, the brokerage commissions incurred by each client are well within the bounds of reasonable and customary and are, in fact, among the lowest available with all benefits considered.

SA's Chief Compliance Officer, Robert E. Pike, is available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

2. SA does not receive referrals from broker-dealers.

3. SA does not accept directed brokerage requests.

B.) SA generally uses "block trades" to implement its various portfolio strategies. For instance, all clients who might have a growth oriented investment objective will participate, under most circumstances, in the purchase or sale of a security determined by SA to meet this objective. This is also called aggregation or bunching. (There are some exceptions to this procedure, most notably when large cash inflows or outflows prevent acceptable trade settlement.)

Our over-arching guideline is that orders for the same security entered on behalf of more than one client will generally be aggregated in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be combined with any previously filled orders such that all clients participating in each aggregated trade shall receive the average price and, if applicable, pay a pro-rata portion of commissions. Advisor or its employee or access persons may participate in aggregated trades under the same conditions as set forth above. Transactions are usually aggregated to seek a lower commission, lower costs, or a more advantageous net price. SA does not receive any additional compensation or remuneration as a result of such aggregation.

**Form ADV Part 2a, Item 13:**

**Review of Accounts**

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A.) SA provides ongoing and continuous monitoring of client portfolios to insure that portfolios are aligned with client investment objectives and risk tolerances. Robert E. Pike, Chief Investment Officer, and Matthew L. Brown, Director of Research, utilize market and research data along with portfolio rebalancing software in the firm's monitoring activities.

B.) SA may provide additional review when special circumstances arise, such as a change in employment or large cash inflows or required outflows. All clients are advised that it is their responsibility to inform SA of any change in their investment objectives and/or financial situation.

C.) SA provides a written Annual Report to clients which contains both summary and detailed portfolio composition, activity, and performance information. At least quarterly, SA provides electronic reports of the same.

**Form ADV Part 2a, Item 14:**

**Client Referrals and Other Compensation**

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A.) As referenced in Item 12a1 above, SA may receive an indirect economic benefit from Schwab. SA, without cost (and/or at a discount), may receive support services and/or products from Charles Schwab & Co.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by SA to Schwab or any other 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.

SA's Chief Compliance Officer, Robert E. Pike, is available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

B.) If a client is introduced to SA by a Solicitor, SA may pay that Solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements.

Any such referral fee will be paid solely from SA's investment advisory fee, and will not result in any additional charge or increased fee to the client.

At the time of the solicitation, such Solicitor shall disclose the nature of his/her/its Solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure and a copy of the written disclosure statement from the Solicitor to the client,

disclosing the terms of the solicitation arrangement between SA and the Solicitor, including the compensation to be received by the Solicitor from SA.

**Form ADV Part 2a, Item 15:**

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**Custody**

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SA does not custody client funds or securities. The firm's preferred qualified custodians, Charles Schwab, holdS client assets and send or make available monthly account statements directly to the firm's clients.

Clients should carefully review the statements received from their qualified custodial firm(s) and compare these account statements to the consolidated reports provided by SA.

**Form ADV Part 2a, Item 16:**

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**Investment Discretion**

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SA accepts discretionary authority to manage securities portfolios on behalf of clients. Clients may place limitations on this authority (such as restrictions on selling or buying specific securities or types of securities) by written instruction to SA.

An Investment Management Agreement (IMA) and custodial account application and accompanying Limited Power of Attorney (LPOA) must be signed and initialed by the client before discretionary authority is assumed over client assets.

**Form ADV Part 2a, Item 17:**

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**Voting Client Securities**

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A.) To conserve client time required for individual shareholder voting, it is the policy of SA to vote client proxies on their behalf. We will do so in the interest of maximizing Shareholder Value.

To that end, SA will vote in a way that it believes, consistent with its fiduciary duty, will cause the value of the issue to increase the most or decline the least. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the proposed vote.

Any general or specific proxy voting guidelines provided by an advisory client or its designated agent in writing will supersede this policy. Clients may wish to have their proxies voted by an independent third party or other named fiduciary or agent, at the client's cost.

Should any material conflicts of interest arise, SA will notify its counsel for further guidance and document such notice through a "Report of Proxy Voting Conflicts".

Clients are permitted at any time to inspect Proxy Voting Records at our office, or to request a voting history for the past 5 years.

SA will provide a copy of the full Proxy Voting Policy to clients or prospective clients upon request.

B.) SA does not vote proxies for assets held in non-discretionary portfolios. The client must in all cases make arrangements for proxies and other solicitation materials.

**Form ADV Part 2a, Item 18:**

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**Financial Information**

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A.) SA does not require or solicit pre-payment of more than \$1,200 in fees per client more than six months or more in advance.

B.) SA is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual obligations to clients.

C.) SA has never been subject to a bankruptcy petition.

**Form ADV Part 2a, Item 19:**

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**Requirements for State Registered Advisers**

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A.) President and Managing Principal **Robert E. Pike**: born 1961, *Formal Education After High School*: Babcock Graduate School of Management of Wake Forest University, Masters in Business Administration, 1992; Wake Forest University, Bachelor of Arts cum laude with Honors in History, 1984; *Business Background for the Preceding Five Years*: July 2004 to Present, Stratford Advisors, Inc., Principal; July 1998 to August 2004, Salem Investment Counselors, Vice President; January 1985 to July 1998, Wachovia Corporation, Senior Vice President, Asset Management. Director of Research **Matthew L. Brown**: born 1985, *Formal Education After High School*: UNC-Charlotte, Bachelor of Arts 2007; *Business Background for the Preceding Five Years*: January 2008 to Present, Stratford Advisors Inc.