

# Disclosure Brochure

February 18, 2015

## **Strategic Wealth Partners**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Strategic Wealth Partners Group, LLC, doing business as Strategic Wealth Partners (hereinafter "SWP" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. 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 the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Strategic Wealth Partners Group, LLC 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 SWP's last annual update. In November 2014, the Firm succeeded to the advisory business of its predecessor, Strategic Wealth Partners, LLC. The Firm is a subsidiary of Focus Operating, LLC; however, the advisory services and management of the Firm remain the same as its predecessor.

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## Item 4. Advisory Business

SWP is the successor firm of Strategic Wealth Partners, LLC, an SEC registered investment adviser since 2008. Focus Operating, LLC ("Focus Operating") is the principal owner of the Firm. Neal Price, David Copeland and Moira Fahey-Ullrich are the principal managers of SWP.

The Firm works with clients with the goal of preserving and growing wealth through insightful planning and objectively selected investment and financial vehicles. The Firm prides itself on seeking to help clients set realistic financial goals that can be reached while mitigating risk. Strategies are tailored to fit the unique needs of each client's short and long-term goals. SWP aims to help clients with a variety of common investment goals including: secure retirement, capital preservation, providing for heirs or favorite charities, funding college education for children or grandchildren. The Firm also provides consulting services to qualified plans, trade associations and charitable organizations.

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

As of December 31, 2014, SWP has \$1,447,984,198 of assets under advisement, of which \$1,163,882,376 of these assets are advised on a discretionary basis, and \$284,101,822 are advised on a non-discretionary basis.

This Disclosure Brochure describes the business of the Firm. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of SWP'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 SWP's behalf and is subject to the Firm's supervision or control.

### Financial Planning and Consulting Services

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SWP may provide its clients with a broad range of comprehensive financial planning and consulting services. These services may be included as part of SWP's investment management services, described below.

In performing its services, SWP 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. SWP may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if SWP recommends its own services. The client is under no obligation to act upon any of the recommendations made by SWP under a financial planning or consulting engagement or to engage the services of any such recommended professional. Clients are advised that it remains their responsibility to promptly notify SWP if there is ever

any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising SWP's previous recommendations and/or services.

### Investment Management Services

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SWP manages client assets on a discretionary or non-discretionary basis. The Firm may also provide its clients with certain financial planning services (which may include business planning, insurance, retirement, education, estate planning, and tax and cash flow analysis). The financial planning services are generally provided as part of the Firm's overall annual management fee; however, in limited circumstances a separately negotiated fixed fee may be charged depending on the market value of the assets under management and type of planning services to be rendered.

As detailed in Item 8, the Firm may allocate clients' investment management assets among professionally managed investments such as mutual funds, exchange-traded funds ("ETFs"), independent investment managers ("*Independent Managers*") and other securities. Additionally, the Firm may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives.

The Firm may also render 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, SWP 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.

The Firm tailors its advisory services to the individual needs of clients. SWP consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. SWP ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify the Firm if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon the Firm's management services. Clients may impose reasonable restrictions or mandates on the management of their account if, in SWP'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

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The Firm may recommend that clients authorize the active discretionary management of a portion of their assets by and/or among certain *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 the Firm or the client and the designated *Independent*

*Managers.* SWP renders services to the client relative to the discretionary and/or non-discretionary selection or recommendation of *Independent Managers*. The Firm also monitors and reviews the account performance and the client's investment objectives.

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

## **Manager of Collective Investment Vehicle**

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SWP is the manager of SWP Strategic Income, LLC (the "*Fund*"). The *Fund* is currently exempt from registration under the Investment Company Act of 1940 and the interests in the *Fund* are privately offered pursuant to Regulation D under the Securities Act of 1933. The *Fund* is being formed solely to aggregate capital for investment by an unaffiliated investment adviser in its strategic income investment program. The *Fund*'s objective is designed to be a flexible strategy of investing in fixed income securities that may include convertible bonds, corporate bonds, and preferred stocks, the goal of which is to achieve total returns that are less dependent upon general interest rate moves with low correlation to movements in the equity markets.

Participation as an investor in the *Fund* is restricted to investors that are qualified clients pursuant to the requirements under Rule 205-3 under the Investment Advisers Act of 1940, as well as are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended. If eligible, SWP may recommend that certain clients invest in the *Fund*. All relevant information, terms and conditions relative to the *Fund*, including withdrawal rights, minimum investments, qualification requirements, suitability, risk factors, potential conflicts of interest, are set forth in the relevant confidential private offering memorandum, operating agreement and/or subscription agreement, which each investor is required to receive and/or execute prior to being accepted as an investor in the *Fund*. SWP does not receive any compensation for its management of the *Fund*. However, a client's assets invested in the *Fund* are subject to SWP's investment management fee, as described below.

## **Item 5. Fees and Compensation**

SWP offers its services on a fee basis, which may include hourly and fixed fees as well as fees based upon assets under management.

### **Financial Planning and Consulting Fees**

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As detailed above, the Firm may also provide its clients with certain financial planning and consulting services. These services are generally provided as part of SWP's overall annual management fee,

however in limited circumstances a separately negotiated fixed fee may be charged depending on the market value of the assets under management and type of planning services to be rendered.

## **Investment Management Fee**

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The Firm generally provides its services for an annual fee based upon a percentage of the market value of the assets being managed by the Firm. SWP's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter (except with respect to the value of investments in certain limited partnerships where billing is quarterly in advance based on the most recently available net asset value provided by the fund manager). The annual fee shall vary (generally between 0.50% and 1.25%) depending upon the market value of the assets under management and the type of investment management services to be rendered. Certain pre-existing clients may be subject to a different fee schedule.

## **Fee Discretion**

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SWP, 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.).

## **Additional Fees and Expense**

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In addition to the advisory fees paid to SWP, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians (including those custodians recommended by SWP as discussed in response to Item 12), trust companies, banks and other financial institutions (collectively "*Financial Institutions*"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the *Independent Managers*, charges imposed directly by a mutual fund or ETF in a client's account, as 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. Such charges, fees and commissions are exclusive of and in addition to SWP's fee.

## **Fee Debit**

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SWP's *Agreement* and the separate agreement with any *Financial Institutions* may authorize SWP or *Independent Managers* to debit the client's account for the amount of SWP's fee and to directly remit that management fee to SWP or the *Independent Managers*. Any *Financial Institutions* recommended by SWP 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 SWP. Alternatively, clients may elect to have SWP send an invoice for payment.

## **Fees for Management During Partial Quarters of Service**

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For the initial period of services, the fees are calculated on a *pro rata* basis as defined in the *Agreement*.

The *Agreement* between SWP and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. The Firm'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 SWP's right to terminate an account. Additions may be in cash or securities provided that the Firm 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 SWP, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. 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.

The Firm 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.

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

SWP 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**

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

## **Minimum Account Size or Fee**

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As a condition for starting and maintaining a relationship, SWP generally imposes a minimum portfolio size of \$1,000,000. The Firm, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities. SWP only accepts clients with less than the minimum portfolio size if, in the sole opinion of the Firm, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. SWP may aggregate the portfolios of family members to meet the minimum portfolio size.



Generally, the Firm may impose a minimum annual fee of \$2,500 in cases where SWP accepts clients with less than the minimum portfolio size. This minimum fee may have the effect of making the Firm's services impractical for certain clients.

Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than SWP. In such instances, the Firm 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**

The Firm believes that a sound, successful wealth management strategy starts with a thoughtful financial plan. Before the Firm begins to determine an appropriate mix of assets for a client, it generally has a discussion with the client about their current assets, insurance, taxes, goals, objectives, risk tolerance and other factors. SWP believes the planning process drives portfolio construction, and the Firm may conduct a more in-depth analysis dependent on each unique situation.

SWP's investment philosophy emphasizes asset allocation, diversification, limiting volatility, avoiding over-reliance on historical data and using independent professional managers, discipline and managing taxes prudently. The Firm creates portfolios that are customized to an individual client's needs.

The Firm generally invests client assets among professionally managed investments such as mutual funds, ETFs, *Independent Managers* and other securities it believes are appropriate. SWP utilizes independent data services, a quantitative screening methodology, qualitative research, and the experience of its Investment Committee to evaluate potential investment solutions for its clients.

SWP has engaged several independent firms (hereinafter, the "Consultants") to supplement its investment research process. The Firm believes these partnerships further strengthen its investment management research, performance evaluation, due diligence and manager access.

The Firm seeks to find investments that have demonstrated consistent returns and good risk-controls. Investment performance during rising and falling markets is reviewed in an effort to provide protection of clients' capital in down markets while still allowing them to participate in up markets.

In addition, the Firm typically reviews (i) investment philosophy and process; (ii) manager team tenure and experience and number of investment professionals; (iii) size and stability of the organization and Firm ownership; and (iv) asset growth and capacity for the strategy.

After identifying what SWP believes to be qualified investments, the Firm and/or the Consultants, conduct initial interviews with each of the prospective investment management teams. SWP's Investment Committee will then meet to determine the final selection. Once a final selection has been made, an implementation strategy for the new manager is created. The Firm's Investment Committee subsequently reviews the investment results on a monthly or quarterly basis depending on availability of data. Individual manager monitoring is part of the Firm's ongoing due diligence process. In conjunction with the

Consultants, the performance, style drift, management changes, organizational changes, asset growth, and philosophy changes are monitored.

SWP understands that all investments will have periods of underperformance. When underperformance is identified, the Firm conducts an inquiry into the reasoning behind the underperformance. If the explanation is consistent with the original investment thesis, SWP will continue to closely monitor the investment, but may not immediately look for a replacement. If the explanation did not sufficiently explain the performance issues, SWP may seek out a replacement manager.

### **Risks of Loss**

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#### *General Risk of Loss*

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

#### *Mutual Funds and 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.

Mutual funds can be broken down into open-ended funds and closed-end funds. For open-ended funds, purchases and sales of fund shares take place directly between investors and the fund company. There is no limit to the number of shares the fund can issue; as more investors buy into the fund, more shares are issued. Federal regulations require a daily valuation process, or "marked to market", which adjusts the fund's per-share price to reflect changes in portfolio (asset) value. 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 value of the individual's shares is not affected by the number of shares outstanding. For closed-end funds, only a specific number of shares are issued and the fund does not issue new shares as investor demand grows. Prices are driven by investor demand. Purchases of shares are often made 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).

## *Market Risks*

The profitability of a portion of SWP's or *Independent Managers'* 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 SWP or *Independent Managers* will be able to predict those price movements accurately.

## *Use of Independent Managers*

As stated above, SWP may recommend the use of *Independent Managers* for certain clients. The Firm will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers'* ability to successfully implement their investment strategy. In addition, the Firm does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Items 4 and 8, above.

## *Use of Private Collective Investment Vehicles*

SWP 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. 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 may be 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 documents explaining such risks.

## **Item 9. Disciplinary Information**

SWP 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. The Firm does not have any disclosures to this Item.

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

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

### **Focus Financial Partners, LLC Affiliation**

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SWP is part of the Focus Financial Partners, LLC ("Focus") network. As such, the Firm is a wholly-owned subsidiary of Focus Operating, which is a wholly-owned subsidiary of Focus. Focus also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial services firms (the "Focus Partners"). The Focus Partners provide wealth management, benefit and

investment consulting services, serving individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds or limited liability companies as disclosed on Schedule D of their respective Form ADVs. The Firm's clients are not solicited to invest in any other Focus Partners' advisory services, and generally Focus Partners do not recommend securities, services, or other investment products of other Focus Partners, unless so disclosed on their respective Form ADVs and with the clients' informed consent, nor or any transactions executed through other Focus Partners' affiliated broker-dealers. Further, the Focus Partners do not market their services or share client information amongst each other without prior client consent. Management of other Focus Partners are not involved in the management of SWP. A list of the affiliated investment advisers and broker-dealers can be found on Schedule D of SWP's Form ADV Part 1 and additional information about Focus can be found at [www.focusfinancialpartners.com](http://www.focusfinancialpartners.com).

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### **Related Member of PIMCO RIA Advisory Board**

David J. Copeland, an executive officer of the Firm, sits on the Pacific Investment Management Company, LLC ("*PIMCO*") RIA Advisory Board, which, in part, offers mutual funds recommended by the Firm. Mr. Copeland does not receive any compensation for his participation on this advisory board, but may be reimbursed for the cost of travel to attend board meetings. This relationship does not influence the Firm's selection of any securities products.

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### **Related Member of J.P. Morgan RIA Advisory Council**

David J. Copeland, an executive officer of the Firm, sits on the J.P. Morgan RIA Advisory Council Committee. Mr. Copeland does not receive any compensation for his participation on this committee, but may be reimbursed for the cost of travel to attend meetings. This relationship does not influence the Firm's selection of any securities products offered by J.P. Morgan.

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### **Related Director of a Public Company**

Scott Smith serves on the Board of Directors (the "*Board*") of ProUroCare Medical Inc., a publicly-held company ("*ProUroCare*"). As a member of the *Board*, he is charged with governing *ProUroCare*'s internal affairs and business operations on behalf of the corporation and its shareholders. Mr. Smith may be privy to certain material non-public information that he is legally prohibited from utilizing or disseminating. SWP has procedures in place whereby it seeks to ensure that all such conflicts are handled in the best interests of its advisory clients.

## **Item 11. Code of Ethics**

SWP has adopted a code of ethics in compliance with applicable securities laws ("*Code of Ethics*") that sets forth the standards of conduct expected of its *Supervised Persons*. SWP's *Code of Ethics* contains written policies reasonably designed to prevent certain unlawful practices such as the use of material

non-public information by the Firm or any of its *Supervised Persons* and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The *Code of Ethics* also requires certain of SWP's personnel (called "*Access Persons*") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, SWP *Supervised Persons* are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm's policies and procedures. This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

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 SWP to request a copy of its *Code of Ethics*.

### Item 12. Brokerage Practices

SWP generally recommends that clients utilize the brokerage and clearing services of Schwab Advisor Services<sup>TM</sup> ("*Schwab*") and/or Fidelity Institutional Wealth Services ("*Fidelity*") for investment management accounts.

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

The commissions paid by SWP's clients comply with its 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 the Firm 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. SWP seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

The Firm 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 SWP 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 the Firm 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 SWP (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, the Firm may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless SWP decides to purchase or sell the same securities for several clients at approximately the same time. The Firm 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 the Firm'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 SWP's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm's *Supervised Persons* may invest, SWP 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. SWP does not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Firm 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, SWP 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.

### Software and Support Provided by Financial Institutions

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SWP may receive from *Fidelity* and *Schwab*, without cost to the Firm, computer software and related systems support, which allow the Firm to better monitor client accounts maintained at those *Financial Institutions*. SWP may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at *Fidelity* and *Schwab*. The software and support is not provided in connection with securities transactions of clients (i.e. not "soft dollars"). The software and related systems support may benefit the Firm, but not its clients directly. In fulfilling its duties to its clients, SWP endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the Firm's receipt of economic benefits from a *Financial Institution* creates a conflict of interest since these benefits may influence the Firm's choice of one *Financial Institution* over another that does not furnish similar software, systems support, or services.

Additionally, the Firm may receive the following benefits from *Fidelity* and *Schwab*: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services 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

SWP monitors investment management portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by one of the Firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with the Firm and to keep SWP informed of any changes thereto. The Firm 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 their accounts. Those clients to whom the Firm provides investment advisory services will also receive a report from the Firm



that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a periodic basis. **Clients should compare the account statements they receive from their custodian with those they receive from the Firm.**

### Item 14. Client Referrals and Other Compensation

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

In addition, the Firm is required to disclose any direct or indirect compensation that it provides for client referrals. If a client is introduced to the Firm by either an unaffiliated or an affiliated solicitor, SWP may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from the Firm's investment management fee, and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor provides the client with a copy of SWP's disclosure brochure and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of SWP discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's disclosure brochure at the time of the solicitation.

SWP has entered into an agreement with *Fidelity* to participate in Fidelity Wealth Advisor Solutions ("WAS"), a referral service designed to match investors with an independent investment advisor in their area. SWP pays a fee for participating in WAS. SWP has agreed not to charge clients introduced through WAS fees or costs greater than the fees or costs SWP charges its advisory clients who were not introduced through WAS, and who have similar portfolios under management with SWP. SWP's participation in WAS may raise potential conflicts of interest. Although not required by WAS, SWP may be more likely to execute transactions for their clients referred through WAS with *Fidelity*, consistent with SWP's duty of best execution.

### Item 15. Custody

The Firm's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize SWP through such *Financial Institution* to debit the client's account for the amount of SWP's fee and to directly remit that management fee to the Firm.

The *Financial Institutions* recommended by SWP 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 the Firm. In addition, as discussed in Item 13, SWP 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 the Firm.



## Private Fund

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As the manager of the *Fund*, SWP is deemed to have custody of any client's assets invested in the *Fund*. As such, SWP requires an annual audit of the *Fund* by an independent public accountant registered with, and subject to regulatory inspection by, the Public Accounting Oversight Board. The Firm distributes the audited financials to each investor within 120 days of the *Fund's* fiscal year-end. The *Fund* is maintained with an independent qualified custodian.

## Item 16. Investment Discretion

SWP may be given the authority to exercise discretion on behalf of clients. The Firm 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. The Firm is given this authority through a power-of-attorney included in the *Agreement*. Clients may request a limitation on this authority, such as certain securities not to be bought or sold. SWP may take 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 *Financial Institutions* to be utilized; and
- The *Independent Managers* to be hired or fired.

## Item 17. Voting Client Securities

SWP is required to disclose if it accepts authority to vote client securities. The Firm does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*. Proxies may be voted by the *Independent Manager* unless the client and *Independent Manager* agree otherwise.

## Item 18. Financial Information

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

## **Strategic Wealth Partners**

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Prepared by:

