

**Part 2A of Form ADV  
*Firm Brochure***

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This brochure provides information about the qualifications and business practices of Strategic Wealth Management, Inc. (hereinafter "SWM" or "firm" or "we"). If you have any questions about the contents of this brochure, please contact us at (425) 250-7600 or at [PatS@swm.com](mailto:PatS@swm.com). 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 SWM is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for SWM is 107180.

## **Item 2. Summary of Material Changes**

Our current (updated) Form ADV Part 2 will be available to our existing and prospective clients 24 hours a day through the Investment Adviser Public Disclosure website. Additionally, we will annually and within 120 days of the end of our fiscal year, provide you either: (i) a copy of our Form ADV, Part 2 that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV, Part 2. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

Since our previous annual brochure update of 3/31/2021 our firm has the following material change to report:

- 1) Clarifications in Item 5. FEES AND COMPENSATION - Page 9.

**Item 3. Table of Contents**

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#### **Item 4.                      Advisory Business**

Strategic Wealth Management, Inc. (SWM) is a fee-only, SEC-registered, investment adviser (SEC file number 801-34623), with its principal place of business located in Kirkland, Washington. We have been in business since 1988. Patrick Sizemore, CEO, President and Chief Compliance Officer, and James Sizemore, CFO, are the only owners of the firm.

Discretionary assets under our firm's management were \$535,599,546 as of December 31, 2020.

Non-Discretionary assets – mostly alternative/private equity-investments were \$87,186,665.

NOTE: Registration with the SEC does not reflect a certain level of skill or training, only that the company or individual is properly registered.

#### **Investment Supervisory Services**

SWM is a fiduciary when advising our clients. Our firm provides continuous advice to our client regarding the investment of client funds based on the needs and objectives of the client. Through personal discussions in which goals and objectives based on a client's circumstances are established, we develop an investment policy statement ("IPS") or investment plan with the client for approval by the client and create and manage a portfolio or portfolios broadly based on that policy or plan. During our data-gathering process, we determine the client's goals and objectives, time horizons, risk tolerance, liquidity needs and tax situation. We may also review and discuss a client's prior investment history and risk tolerance.

We will manage advisory accounts on a discretionary or non-discretionary basis, as agreed with each client. For discretionary accounts (most of our client accounts), we will implement transactions without seeking prior client consent. We utilize block trading when buying or selling the same asset in more than one account. For non-discretionary accounts, we will seek prior client consent for every recommended transaction. Therefore, clients with non-discretionary accounts should understand that any delay in obtaining consent may result in less favorable transaction terms, including higher security price and/or higher trading expenses and/or limited availability of the securities sought.

Account supervision is guided by the stated objectives of the client (i.e. capital preservation, income, income and growth, growth with income, or pure growth in conservative, moderate, moderately aggressive, or aggressive strategies), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities or industry sectors by notifying

SWM in writing, or by putting them in their approved Investment Policy Statements.

### Use of Sub-Advisers and Third-Party Managers

We may also, when appropriate, use sub-advisers for certain portions of a client portfolio with independent third-party managers or recommend direct investment with independent third-party managers, typically when those managers demonstrate specialized knowledge and expertise in a particular investment strategy.

We also may use sub-advisors to SWM for trading signals, risk management, tactical asset allocation or other specific portfolio consulting to SWM. SWM currently utilizes the sub-advisory services of SMART PORTFOLIOS, LLC (hereinafter “sub-adviser”), an independent SEC-registered investment adviser, to sub-advise SWM in the management of a separately managed account (SMA) portion of our clients’ portfolios, where clients have elected and contracted with SWM to utilize our SWM Smart Strategies, separately managed account(s), for a portion of their portfolios. The sub-advisors are paid by SWM. Our firm, working with the sub-advisers, has developed tactical re-optimization strategies which involve monthly or more frequent portfolio re-optimization of a large universe of exchange traded products generally referred to as (ETFs) or equities. The Strategies may lead to frequent trading and re-alignment of the portfolio(s) into the most desirable of the ETFs in the strategy’s universe based on the strategy’s risk vs. reward profile in the near term. Because SWM Smart Strategies may produce significant short-term gains, it is normally more appropriate for non-taxable or tax-exempt accounts. SWM does not own or control any outside manager or sub-advisor and is not owned or controlled by any.

Our firm will conduct appropriate due diligence on independent third-party managers, making reasonable inquiries into their history, manager experience and qualification, performance calculations, policies and procedures, transparency, Code of Ethics, and other operational and compliance matters deemed important to clients’ performance and risk management requirements.

### Consulting Services

Clients can also receive investment consulting and/or advice on a more specialized basis. This may include advice on area(s) of concern such as:

- Consulting, enterprise planning and financing to Native American Tribes in a broad area of tribal strategic planning, tribal fiscal ordinances, budgeting, fund and portfolio policies, tribal contracts and compacts, health services and retirement plans, Indirect Cost negotiations and

interfacing with BIA, IHS or the Office of Trust Funds Management (OTFM) to assist Tribal clients

- “As-requested management training and/or financial consulting” to Native American Tribal clients
- Tracking/reporting activity and performance of investments which SWM actively manages or are managed by others
- Retirement planning and implementation consulting at the sponsor/trustee level
- Trustee issues including Fiduciary Education, responsibilities and practices
- Retirement planning and implementation for individuals
- Financial implications of changes in family composition such as death, marriage or divorce
- Purchase, sale or gifting of business or family assets
- Purchase, sale or financing of personal or entity real estate and business assets
- Estate settlement and investment of estate assets pending settlement
- Management, employment or deferred compensation contracts and plans
- Client business financial management assistance
- General advice on securities or other assets or asset classes, or alternative assets both foreign and domestic

### Services in General

Our investment recommendations are not limited to any specific product or service offered by a bank, broker dealer or insurance company and will primarily include independent advice regarding the following types of investment instruments:

- Equity securities
- Corporate debt securities
- Securities of foreign issuers or ADR's
- Cash equivalents
- United States government securities
- “No-load” or “load-waived” mutual funds
- Exchange traded products (ETFs, ETNs, etc.) and Closed End Funds
- Publicly Traded MLPs (Master Limited Partnerships)
- Publicly traded REITs
- Commercial paper
- Liquid alternative securities
- Warrants and options
- Certificates of deposit
- Municipal securities
- Variable life insurance

- Variable annuities
- Option contracts on securities and commodities
- Commodity, currency, debt or equity futures
- Precious metals or other commodities
- Interest in private placement offerings such as, hedge funds and other contracts, pooled investment partnerships or entities involving energy, real estate, private equity, etc.
- Non-security investments such as privately owned real estate, businesses, privately financed leases, notes, mortgages, gold, silver and other tangible assets.

We tailor our portfolio management and consulting recommendations to the individual needs of each client. All such recommendations are tailored based on information which may be gathered through client questionnaires, electronic communications, telephone and in-person meetings and discussions, as well as client authorized discussions with clients, accountants, attorneys, trust officers, etc. Clients are always free to accept or reject in whole or in part any of our recommendations. They may also purchase securities or other investments recommended by us from other brokerage firms or agents not recommended by us.

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

### Investment Supervisory Services

SWM is a strictly fee-based advisor working only to represent our clients. We do not accept referral fees, commissions, kickbacks, trailing or trailer fees or any other kind of compensation in exchange for purchasing, selling or recommending investments in client accounts.

The annual fee for these services will be charged as a percentage of assets under our management (AUM), according to the following schedule:

<u>Assets Under Management (\$)</u>	<u>Annual Fee (%)</u>
First \$1 million	1.00%
Next \$1 million	0.90%
Next \$1 million	0.80%
Next \$1 million	0.70%

\$5 million to \$10 million	0.60%
Above \$10 million	0.50%
Above \$50 million	Negotiable

Occasionally, these services, or special services can be billed based on a mutually-agreed fixed fees or pre-determined hourly fees.

Depending on the services provided each client, we will either invoice clients for specialized services or directly debit their custodial accounts for portfolio management fees in arrears at the end of each calendar month based upon the value of the client's account at the end of that month.

Asset Valuation for Billing Purposes: Most client assets are publicly traded and are easily priced within the custodian(s) and Advisor's pricing systems. Private Equity Investments may not have regular daily or monthly pricing. SWM does not independently value these investments. SWM will carry the investment at the last valuation provided to the client by the Manager or Administrator for the Private Investment. Some development projects will be carried at cost until completion, occupancy permit and appraisal or sale. For private investments, valuations will only be changed, for billing purposes, at the end of the month in which a change in value (up or down) is received.

### SWM Smart Strategies

The fee for SWM Smart Strategies separately managed account service is not included in consulting fees and will be charged as additional fees as a percentage of each client's assets under our separate account management in the SWM Smart Strategies according to the following schedule:

<u>Assets Under Management (\$)</u>	<u>SWM Smart Strategies Annual Fee (%)</u>
First 20 million	1.00%
Next 20 million	.90%
Next 20 million	.80%
Next 20 million	.60%
Next 20 million	.50%
Over \$100 million	Negotiable



Some charter clients in the SWM SMART Strategies may have a different fee structure.

We will directly debit clients' SWM Smart Strategies custodial accounts for account management fees, in arrears, at the end of each calendar month based upon the value of the client's SWM Smart Strategies separately managed account at the end of that month. Any and all sub-advisor fees for SWM Smart Strategies accounts will be contracted and paid by SWM.

### Consulting Services

Depending on Assets Under Management, clients participating in our full fee Investment Supervisory services will normally receive most regular consulting services as needed, at no extra charge. However, special projects with a certain level of complexity and/or significant extra time, expenses or travel commitment may be subject to additional flat or hourly fees. In such cases, clients will be advised in advance of any additional charges that will be incurred and must consent to such charges in writing prior to the commencement of any such work.

For any ad-hoc consulting or special projects, clients who do not select our full-service Investment Supervisory services, will be charged an hourly rate ranging from \$99.50 per hour for clerical support to \$425.00 per hour for senior consultants, plus expenses.

The length of time it will take us to complete a consulting project will depend on the nature and complexity of the individual client's circumstances and the details and objectives of the project. An estimate for total hours and anticipated expenses will be determined at the start of the special project consulting relationship and approved in advance by the client in writing.

Fees are due and payable upon completion of the consulting service or, on longer projects, upon interim billings in arrears as agreed in advance, by client in writing. If there are significant up-front expenses, we may request an expense retainer to continue work beyond completion of our fact-finding session and fee and expense estimates.

### Fees in General

Fees and account minimums for all services may be negotiable based upon certain criteria (i.e. anticipated future earning/ investing capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, nature of services desired, ease or complexity of

account management, etc.).

We may agree to group certain related client accounts for the purposes of determining the total account billing size and/or annualized fee structure.

Certain legacy client agreements may be governed by fee schedules different from those listed above.

Under no circumstances will we accept fees or expense advances in excess of \$1,200 more than six months in advance of services or investment advisory services being provided

#### Other Costs

SWM consulting fees or consulting expenses do not include a client's trust company account fees, brokerage account fees or commissions, mutual fund, ETF, MLP or REIT fees or expenses or separate account manager fees or expenses, any other fees expressly incurred from custody, banking, brokerage, investment acquisition, sale or maintenance, trading expenses, taxes (foreign or domestic), etc.

#### Account Termination

Clients or SWM will have a period of five (5) business days from the date of signing the SWM or SWM Investment Management Agreement to unconditionally rescind the agreement and receive a full refund of any or all fees paid.

Thereafter, the client or SWM may terminate the agreement by providing, to the address of record, a 30-day written notice of termination. Upon termination of any account, any earned but unpaid fees through date of termination will be due and payable and billed.

Mutual Fund, ETF, MLP and REIT Fees and Expenses: All fees paid to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds ETFs, MLPs, REITs or private equity or alternative investments to their shareholders/members. It is our practice to recommend only no-load mutual funds, ETF's, MLP's or REITs to our clients. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund, ETF, MLP or REIT directly, without the services of our firm. In that case, the client would not receive the services provided by us which are designed, among other things, to assist the client in determining which mutual fund or funds, ETFs, MLPs or REITs private equity or alternative investments are most appropriate to each client's financial condition and objectives at any given time. Accordingly, the client

should review both the fees charged by the funds, ETFs, MLPs or REITs or private equity or alternative investments, and the fees charged by us to fully understand the total amount of fees to be paid by the client are reasonable and to thereby evaluate the value of advisory services being provided.

Sub Advisor Fees: Any sub-advisor fees or “signal fees” for sub-advisors hired by SWM for SWM Smart Strategies separately managed accounts or other such SWM strategies will be paid by SWM.

### Brokerage and Custodial Fees

In addition to advisory fees paid to our firm, clients will also be responsible for all transaction, brokerage, trade-away, custodial fees and/or margin interest or costs incurred as part of their brokerage or trust account management. Please see Item 12 of this Brochure for important disclosures regarding our recommended brokerage practices.

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

At this time, SWM does not charge any fees for our consulting advisory services based on a share of performance or performance above a fulcrum amount, capital gains on or capital appreciation of the assets of a client, or as a share of income in client accounts. However, though not intending to do so currently, SWM reserves the right at some future date to initiate such fees on certain managed accounts. If such a decision were to be made in the future, full client disclosure and consent in writing, in advance, by the client would be required at that time before implementing any such fees.

## **Item 7. Types of Clients**

Our firm generally provides substantial advisory and consulting services to Native American tribes. We also provide advisory services to individuals, pension and profit sharing plans, trusts, estates or charitable organizations, corporations, or other business entities.

We typically require a minimum individual client relationship of \$1million of assets under management and/or advisement. We generally require a minimum annual fee of \$2,500, regardless of the payment arrangement. We typically require a minimum client relationship of \$10 million in the aggregate for Native American

tribal accounts. We typically require a minimum account size of \$250,000 for separately managed accounts using SWM Smart Strategies.

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

OUR FIRM MAY EMPLOY THE FOLLOWING TYPES OF ANALYSIS TO FORMULATE CLIENT RECOMMENDATIONS. EACH TYPE OF ANALYSIS HAS ITS OWN PARTICULAR RISKS. THESE RISKS ARE RISKS THE CLIENT SHOULD BE PREPARED TO BEAR.

Fundamental analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company, security sector or asset class is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

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

Technical analysis. We analyze past market movements and apply that analysis to the present to attempt to recognize recurring patterns of investor behavior and to potentially predict future price movement or direction or increasing or decreasing risk patterns.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Demographics: We believe that demographics plays a huge role in the economy and certain markets. SWM also uses demographic studies to ascertain expected directions or risks or opportunities in the market.

Cyclical analysis: In this type of technical analysis, we measure the cyclical movements of an asset class, sector, stock or security against the overall market or current market cycles to help predict the direction of price movement of the market or any security.

Cyclical analysis, while looking at longer term trends may not notice or see short term movements in the market(s) particularly those based on current macro-economic or geopolitical events.

Charting Analysis: In this type of technical analysis, we review charts of market and security activity to identify when the market is moving up or down and to predict when that trend began, how long the trend may last and when that trend might reverse.

Charting analysis does not deal with fundamental value or current corporate or fund details of current securities or funds charted,

Mutual Fund, ETF MLP, REIT or Private Equity or Alternative Investment Analysis: We look at the experience, expertise, tenure and track record of the manager of the mutual fund, ETF, MLP, REIT or private equity or alternative investment to determine if that manager or management team has demonstrated an ability to invest successfully over time and in different economic conditions. We also look at the underlying assets in a mutual fund, ETF, MLP, or REIT to determine if there is significant overlap in the underlying investments held in other funds in the client's portfolio. We also monitor the funds, ETFs, MLPs, or REITs to determine if they are continuing to follow their stated investment strategy and disciplines.

A risk of mutual fund, ETF, MLP, REIT or private equity or alternative investment analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a mutual fund, ETF, MLP or REIT, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund, ETF, MLP or REIT which could make the investment less suitable for the client's portfolio.

Third-Party Manager Analysis: We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers to determine if that manager has demonstrated an ability to invest over time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, it is possible for us to miss a lapse of

internal controls necessary to prevent business, regulatory or reputational deficiencies.

Risks for all forms of analysis: Much of our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies and analysts that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. Also, that the fund or separate account managers we meet with and interview are providing accurate data and answering our questions honestly. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information put forth by these entities.

OUR FIRM MAY EMPLOY THE FOLLOWING INVESTMENT STRATEGIES TO IMPLEMENT INVESTMENT ADVICE TO CLIENTS: EACH HAS ITS OWN RISKS. THESE ARE RISKS THE CLIENT SHOULD BE PREPARED TO BEAR.

Long-term purchases: We may purchase securities with the idea of holding them in the client account for a year or longer. We may do this because we believe the securities to be currently undervalued. We may do this because we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our assessments are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases: At times, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially incurring no gain or taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and may result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Trading: We rarely, but may, purchase securities with the idea of selling them very quickly (typically within 30 days or less). We might do this in an attempt to take advantage of our strong belief of certain brief price swings.

A risk in a trading purchase is the potential for no gains or for sudden losses if the anticipated price swing does not materialize. Moreover, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking no gain or a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and may result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Short Sales: We may (with the client's permission) borrow shares of a stock, closed-end fund, or ETF for your portfolio from someone who owns the security on a promise to replace the shares on a future date at a certain price. We then sell the shares we have borrowed. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We may engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If the stock has gone down since we purchased the shares from the original owner, the client keeps the difference.

One risk in selling short is that losses are theoretically unlimited; we are obligated to repurchase the stock no matter how much the price has climbed. In addition, even if we are correct in determining that the price of a stock will decline, we run the risk of incorrectly determining when the decline will take place. Short selling may not be appropriate in times of inflation, as prices may adjust upwards regardless of the value of the stock.

Margin transactions: At client's request and with client's permission, we may purchase securities for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash and allows you to purchase stock or bonds without selling other holdings. It may also be used to meet client liquidity needs.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker, or margin equity, falls below a certain level, the broker will issue a "margin call", and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

Option writing: With client permission or direction, if or when a client has option capability on his brokerage/custody account, we may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two principal types of options are calls and puts:

A call gives you the right to buy an asset at a certain price within a specific period of time. We may buy a call if we have determined that we think the stock should increase substantially before the option expires.

A put gives you, the holder, the right to sell an asset at a certain price within a specific period of time. We may buy a put if we have determined that we think the price of the stock should fall below your put price before the option expires.

We may use options if we anticipate the possibility of a sharp price swing. We may also use options to “hedge” a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We may use “covered calls”, in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, creating current income to you, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we must buy the option back from the option buyer, for a possible loss. Any appreciation beyond the call price may not be realized.

We may use a “spreading strategy”, in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

A risk of spreading strategies is that the ability to fully profit from a price swing can be limited.

Futures Trading Funds or Mutual Funds: Funds that trade broadly in various types of futures contracts on behalf of the fund and/or its owners. Where approved in the client’s Investment Policy Statement and asset allocation, we may use managed futures mutual funds or separately managed accounts run by experienced futures managers to provide a non-correlated asset class to hedge risk in the portfolio during downturns and still participate in some upturns.

A risk of futures contracts, even broadly traded futures contracts or funds, is that the trader may make the appropriate investment at the appropriate time and money can still be lost if the market moves against the futures trade. Wrong investments can also suffer considerable losses.



***Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal that a client should be prepared to bear before making the investment.***

#### **Item 9. Disciplinary Information**

Our firm has one disciplinary event. Our firm received a demand for arbitration on July 13, 2018 from the Coquille Indian Tribe of North Bend, Oregon. The arbitration was concluded by a confidential settlement agreement and mutual release of claims dated February 23, 2020, without admission of wrongdoing by any party.

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

The bulk of our clients have chosen to be custodied at Charles Schwab Institutional Brokerage (an NASD Broker Dealer) for assets we advise for them. While we have no financial interest in Schwab, nor they in us; we do have an ongoing working relationship with this Broker-Dealer as custodian for our clients' accounts. Our clients are always free to use a brokerage firm of their own choosing or other custodians, providing SWM can receive a daily account download on all SWM managed accounts to our portfolio accounting and performance measurement system.

In addition to advisory services described in Item 4 of this Brochure, our firm has a Native American Consulting Division that provides consulting services to Native American Tribes in many areas, including Development of Fiscal Ordinances, Fund Ordinances, Fund Policies, Investment Policies, Goals and Objectives, Indirect Cost Reimbursement, Budgeting, Planning, Interaction with the Bureau of Indian Affairs or Indian Health Service, Financing and Refinancing of Tribal Enterprises or investments, assistance with training, preparation, presentation and negotiation of indirect cost contracts, preparation of information for annual audits and Investment Reconciliation.

For individual clients, we also provide family and business transition planning and estate planning assistance. These services do not necessarily involve investment advice. Typically, if the assignment is sizable, we may charge clients separate and distinct fees for these non-advisory services, in addition to the advisory fees discussed in Item 5 of this Brochure. However, for certain clients, we may, at our sole discretion, reduce or waive some or all of these non-advisory fees, depending on size of the overall engagement and the amount of our fees and amounts of funds managed.

Some of these non-advisory activities present a potential conflict of interest, to the extent that our consultants and/or principals may receive additional

compensation as a result of recommending or agreeing to provide additional non-advisory services to clients. Potential conflicts of interest may also arise to the extent that these non-advisory activities may require a significant time commitment from our employees, thus potentially limiting the amount of time they can dedicate to management of advisory client accounts. Management strives to manage the acceptance of these non-advisor activities so that they do not have a significant effect on advisory activities.

Since we endeavor to put the interest of our clients first, as part of our fiduciary duty as a registered investment adviser, we take the following steps to address these conflicts:

1. We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and its employees to earn compensation from advisory clients for additional services or additional advisory services in addition to our normal investment consulting fees;
2. We disclose to clients that they are in no way obligated to purchase any additional services from our firm or its employees;
3. We do not pay or collect referral fees from any related persons or entities;
4. We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance. Our advice is tailored to the client regardless of our other services;
5. Our senior consultants conduct regular reviews of each client account to verify that all transactions made for a client are still suitable to the client's needs and circumstances, and that there are no potential conflicts that have not been disclosed;
6. We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests which might evolve from such activities are properly addressed;
7. We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
8. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

### Code of Ethics Disclosure

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of all our employees, including compliance with applicable federal and state securities laws. Our Code of Ethics includes policies and procedures for the review of daily securities transactions reports, submitted and reviewed by the CCO, as well as quarterly and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires prior client approval of any acquisition of securities in a limited offering (e.g., private placement, hedge fund, separately managed account) or an initial public offering. Our code provides for oversight, enforcement and recordkeeping provisions. A copy of our Code of Ethics is available to our advisory clients and prospective clients upon request to the Chief Compliance Officer, at the firm's principal office address.

Our firm or individuals associated with our firm may buy or sell securities for their personal accounts identical to those recommended to or purchased for clients. In addition, any related person(s) may have an interest or position in a certain security(s) which may also be recommended to a client. This practice results in a potential conflict of interest, as we may have an incentive to manipulate the timing of such purchases to obtain a better price or more favorable allocation in rare cases of limited availability.

We may aggregate our employee trades with client trades. In case there is a partial fill of a block trade order, we will allocate all the client purchases first, pro-rata, with each account paying the average price. (See para. 4 below).

To mitigate these potential conflicts of interest and ensure the fulfillment of our fiduciary responsibilities, we have established the following restrictions:

1. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No principal or employee of our firm may prefer his or her own interest to that of the advisory client.
2. It is the expressed policy of our firm that no person employed by us may purchase or sell any security being purchased, sold, or recommended by our firm prior to a transaction(s) being implemented for our advisory account, and thereby, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

3. We maintain a list of all securities holdings for our firm and anyone associated with this advisory practice with access to advisory recommendations is bound by paragraphs 1, and 2. above. These holdings are reviewed on a regular basis by our compliance staff.
4. In case of partial fills, client accounts will receive preference over employee accounts.
5. We emphasize the unrestricted right of the client to accept or decline to implement any advice rendered, except in situations where our firm is granted discretionary authority. Even then clients may request, in writing, that a security purchased or sold by the firm be sold or repurchased.
6. All our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
7. Any individual not in observance of the above may be subject to disciplinary action or termination.

## **Item 12. Brokerage Practices**

We do not have any formal or informal soft-dollar arrangements and do not accept or receive any soft-dollar benefits or other compensation for working with or referring clients to a Broker/Dealer, Trust Company, Bank or other custodian.

We do not request or accept the discretionary authority to determine the broker dealer or custodian to be used for client accounts. Clients must direct us as to the broker dealer or custodian to be used for all client securities transactions. In directing the use of a particular broker or dealer or custodian, it should be understood that SWM will not have authority to negotiate commissions among various brokers, and best execution may not be achieved, resulting in higher transaction costs for clients. *Not all advisers always require their clients to direct the brokerage firm.*

Our firm participates in the Schwab Institutional (SI) services program offered to independent investment advisers by Charles Schwab & Company, Inc. ("Schwab"), an unaffiliated FINRA-registered broker dealer. Because of the quality of this program, clients in need of brokerage and custodial services will usually have Schwab recommended to them. As part of the SI program, our firm receives certain non-monetary benefits that it may not receive if a significant portion of our clients did not utilize Schwab. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements; access to a

trading desk serving SI participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to negotiate lower brokerage custody fees for our fee based clients based on our aggregated client assets at Schwab; ability to have investment advisory fees deducted directly from client account; access, to an electronic communication network for client order entry and account information; receipt of compliance publications; and client access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. The benefits received through participation in the SI program may or may not depend upon the amount of transactions directed to, or amount of assets custodied by Schwab. We are also invited to participate in various periodic training webinars, seminars or events sponsored by Schwab, generally open to all advisors, which we may or may not choose to participate in on an event by event basis. Other than certain meals which may be provided we normally pay our own travel and expenses in connection with such events.

Participation in the SI program may result in a potential conflict of interest for our firm, as the receipt of the above convenience benefits may be perceived to create an incentive for us to recommend Schwab Institutional to clients.

Nonetheless, we have reviewed the services of Schwab Institutional and can, at this time, recommend their services based on a number of factors. These factors include the quality and quantity of the professional services offered to both our clients and our firm, fee and commission rates obtained by our ability to aggregate our clients' Schwab accounts, and the quality of the custodial platform provided to clients. While, based on our business model, we will not seek to exercise discretion to negotiate trades among various brokers on behalf of clients, we will, however, periodically check rates and service levels with other brokerage firms and, if appropriate, attempt to negotiate lower commission rates or asset-based brokerage fees for our clients with Schwab. When dealing with certain types of bonds or hard to purchase securities, or if not happy with pricing at Schwab, we may seek other outside bids and do a Prime Broker (DVP) purchase where the security is purchased from another broker and delivered into clients Schwab account for payment by our clients, if in their best interest.

#### Trade Aggregation

We may aggregate client trades when doing so is advantageous to our clients. The SEC considers block trading called "block trades" to be "best practice" for advisors under most situations. Usually, we will batch (block trade) client transactions to receive volume discounts and to obtain better and more uniform pricing across client accounts. Under most circumstances, we will determine that aggregation of trades in a certain situation will be beneficial to our clients, transactions will be averaged as to price and will be allocated among our clients

in proportion to the purchase and sale orders placed from each client account on any given day pro rata.

### **Item 13. Review of Accounts**

#### Investment Supervisory Services

Patrick Sizemore, President, CEO and Chief Compliance Officer, James Sizemore, CFO, Jason Davis, Director of Research, and Lesa Merrick Compliance Officer, will continuously monitor the underlying securities in client accounts and perform at least annual, but typically monthly and quarterly reviews of account holdings for all clients. We will also monitor the performance of third-party managers and fund managers on a regular basis. Accounts are also periodically reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to an appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax or financial status. Geopolitical and macroeconomic events may also trigger reviews. Clients participating in third-party programs should refer to the sponsors' disclosure documents for information regarding additional reviewers and frequency of additional reviews, if any.

In addition to the monthly/quarterly and annual statements and confirmations of transactions and income that clients receive from their broker dealer, our firm will provide at least annual, but typically quarterly, holdings, tactical and strategic asset allocation and/or performance monitoring.

SWM originally spun out, currently contracts with, and is a charter client with Back Office Connection, LLC, a firm owned by Timothy Minneman and Shannon Saxton. Back Office Connection provides typical back office operations, both typical and specialized reporting for SWM. Back Office Connection is fully paid by SWM and services are not charges to the client. Ms. Saxton is related to Patrick and James Sizemore. There is no common ownership between SWM and BOC.

#### Consulting Services

We will review, consult to and report on client accounts, as contracted for at the inception of the advisory relationship, or as modified later, typically quarterly, but at least annually. We also provide additional specialized monthly, quarterly or annual reports as contracted for at the inception of the advisory relationship or later modified. All successful buy and sell transactions made by SWM or SWM Smart Strategies each day are reviewed by SWM's Chief Compliance Officer the following business day.

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

Other than already described in this Brochure, our firm does not receive any additional compensation from third parties for providing investment advice to its clients and does not compensate anyone for client referrals, nor is it compensated by any other party except its clients.

#### **Item 15. Custody**

Custody is defined as any legal or actual ability by our firm to access client funds or securities. Since all client funds and securities are maintained independently with a qualified custodian, we don't take physical possession or custody of client assets. However, under the current SEC rules, our firm is deemed to have constructive custody of client assets due to arrangements which give us legal access to client funds; due to debiting of our investment management fees from client custodial accounts. The typical SEC required custody reporting is waived if this is the only advisor access activity since it is reported to the client by both the advisor and the custodian. We urge our investment management clients to carefully review and compare their reports of account holdings and transactions received from SWM to those they receive from their custodian(s). Should you notice any unexplained discrepancies, other than accrual vs. cash basis accounting differences, please notify us and/or your custodian immediately.

#### **Item 16. Investment Discretion**

For clients granting us discretionary authority to determine which securities and the amounts of securities that are to be bought or sold for their account(s), including securities in separately managed accounts, we request that such authority be granted in writing, typically in the executed investment management agreement and with the broker/dealer or custodian.

Should the client wish to impose reasonable limitations on this discretionary authority, such limitations shall be included in this written authority statement. Clients may change/amend these limitations, at any time, as desired. Such amendments must be submitted to us by the client in writing. SWM may or may not be willing or able to comply with such request(s) but will acknowledge such requests in writing or in the contract and notify client if for some reason we cannot comply.

#### **Item 17. Voting Client Securities**

Advisory clients may elect to delegate their proxy voting authority to us. Alternatively, clients may, at their election, choose to receive proxies related to their own accounts, in which case we may consult with clients as requested. With respect to ERISA accounts, we will vote proxies unless the plan documents

specifically reserve the plan sponsor's or Trustee's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact the firm by telephone, electronic mail, or in writing.

When we have discretion to vote proxies for our clients, we will vote those proxies in the best interests of our clients and in accordance with our established proxy voting policies and procedures. We will normally, but not always vote with management and the Board of Directors, but will typically abstain or vote against most manager, board, employee compensation proposals. Our firm will retain all proxy voting records for the requisite time, including a copy of each proxy statement received, a record of each vote cast, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and the client may instruct us to go ahead and vote, or they may vote themselves, or retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting the firm directly. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act legally on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client from a third party. Upon such direction, we will make commercially reasonable efforts to forward third party notices in a timely manner. We may also assist the client(s) in preparing and/or submitting claims or proof of claims under class action settlements, etc.

#### **Item 18. Financial Information**

Our normal practice is to bill for our services in arrears or upon completion of service(s). Under no circumstances will we accept fees in excess of \$1,200, or for more than six months, in advance of services rendered. We do not take custody of client assets. Therefore, Item 18. does not apply.



## **Part 2B of Form ADV: *Brochure Supplement***

Patrick L. Sizemore

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Strategic Wealth Management, Inc.

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**This brochure supplement provides information about Patrick Sizemore that supplements the Strategic Wealth Management, Inc. brochure. You should have received a copy of that brochure. Please contact Patrick Sizemore, CCO, if you did not receive our brochure or if you have any questions about the contents of this supplement.**

## **Item 2. Educational Background and Business Experience**

Patrick L. Sizemore

Year of Birth: 1947

### Education:

University of Oregon 1966-1968 - 2 years (School of Business),  
U.S. Marine Corps Communications and Foreign Language Schools, 1968-1971  
IAS Accounting Course (CPA Preparatory), 1970-1972  
Hume Successful Investing and Money Management, 1984-1985  
College of Financial Planning (Resulting in CFP designation), 1986-1988  
Center for Fiduciary Studies 2005 resulting in Accredited Investment Fiduciary (AIF) designation.

### Professional Designations:

Mr. Sizemore earned the Certified Financial Planner (CFP) designation from the College of Financial Planning. His designation is no longer active, by choice, since he is not actively practicing as a formal financial planner to the public. The CFP designation is a professional certification mark for financial planners conferred by the Certified Financial Planner Board of Standards, Inc. (CFP Board) in the United States. To receive authorization to use the designation, the candidate must meet education, examination, experience and ethics requirements, and pay an ongoing certification fee. To fulfill the education requirement, students were required to complete course training in various topic areas and sit for the ten-hour CFP Board Certification Examination. Today, a bachelor's degree (or higher), or its equivalent in any discipline, from an accredited college or university is required to attain CFP certification. Again, Mr. Sizemore is no longer active with the College for Financial Planning and no longer holds himself out to be a CFP.

### Business Background:

Manager, Prudential Insurance Co. – 1973-1980  
VP Marketing and Consulting – Clark Sizemore Group 1981-1986  
President, Sizemore Associates, Inc., Family Corporation, 10/1987 to present  
CEO, President, Chief Compliance Officer, Strategic Wealth Management, Inc., Originally named SAI Advisors, Inc. from 9/1988 to present

## **Item 3. Disciplinary Information**

Mr. Sizemore does not have any history of reportable disciplinary events.

#### **Item 4. Other Business Activities**

Mr. Sizemore is President and owner of Sizemore Associates, Inc., a family business and investment corporation. SWM advisory clients will not be solicited or allowed to invest or use the services of this entity.

Potential conflicts of interest arise to the extent that these non SWM, non-advisory activities may require a certain time commitment from Mr. Sizemore, thus limiting the amount of time he can dedicate to management of advisory client accounts. Although not typically required, Mr. Sizemore may spend up to 10% of his daily business time on these non-advisory activities. Mr. Sizemore always deems SWM's client needs to come first. Please refer to Item 10 of this Brochure for a detailed explanation of how our firm addresses these conflicts of interest.

#### **Item 5. Additional Compensation**

Mr. Sizemore does not receive any additional compensation from third parties for providing investment advice to his clients and does not compensate anyone for client referrals. Periodically he may receive some other compensation from his non- advisory other business activities mentioned above.

#### **Item 6. Supervision**

As owners of SWM, Patrick Sizemore and James Sizemore are jointly responsible for all employee supervision. These individuals are also primarily responsible, with assistance from the firm's key consultants and employees, for formulation and monitoring of investment advice offered to clients, documenting investment meeting deliberations, overseeing all material investment policy changes, and conducting periodic reviews to ensure that client objectives and mandates are being met.

## **Part 2B of Form ADV: *Brochure Supplement***

James M. Sizemore

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Strategic Wealth Management, Inc.

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## **Item 2. Educational Background and Business Experience**

James M. Sizemore

Year of Birth: 1951

### Education:

Lane Community College - 1 year (Accounting and Business)  
International Accountants Society, Diploma (Adv. Accounting) from 1972 to 1974  
International Accountants Society, (CPA Preparatory) from 1974 to 1976  
Certified Public Accountant, State of Oregon 1977 to 2013

### Professional Designations:

Mr. Sizemore earned the Certified Public Accountant (CPA) designation in 1977. His designation was inactive from 1993 to 2013 at which time he chose not to renew. CPA is the statutory title of qualified accountants in the United States who have passed the Uniform Certified Public Accountant Examination and have met additional state education and experience requirements for certification as a CPA. Mr. Sizemore does not hold himself out as a CPA.

### Business Background:

Finance Officer, The Confederated Tribes of the Warm Springs Reservation of Oregon, 1976 – 1986  
Principal, James M. Sizemore, CPA 1986 – 1993  
President, Sizemore Associates, Inc. of Oregon, (Native American Consulting) 1993 to 1998  
Senior Consultant and Chief Financial Officer, Strategic Wealth Management, Inc. from 1998 to present  
Managing Member Sizemore Associates of Oregon, LLC from 2015 to present

## **Item 3. Disciplinary Information**

Mr. Sizemore does not have any history of reportable disciplinary events.

## **Item 4. Other Business Activities**

On 12/14/15 James Sizemore re-constituted Sizemore Associates of Oregon as an LLC and family business. Mr. Sizemore intends to commit no more than 5% of his time to this business and does not expect it to conflict with his service to SWM or its clients which come first. This company does not and will not do any business with SWM clients

Potential conflicts of interest could arise to the extent that any non-advisory activity may require a certain time commitment from Mr. Sizemore, thus limiting the amount of time he can dedicate to management of advisory client accounts. Most of Mr. Sizemore's non-advisory activity is other consulting services provided to SWM's Native American clients. Mr. Sizemore works only with the firm's Native American clients.

#### **Item 5. Additional Compensation**

Mr. Sizemore does not receive any additional compensation from third parties for providing investment advice to his clients and does not compensate anyone for client referrals. He may have some periodic other compensation from Sizemore Associates of Oregon, LLC.

#### **Item 6. Supervision**

As owners of SWM, Patrick Sizemore and James Sizemore are jointly responsible for all employee supervision. These individuals, with the assistance of the firm's key employees, are also primarily responsible for formulation and monitoring of investment advice offered to client, documenting investment meeting deliberations, overseeing all material investment policy changes, and conducting periodic testing to ensure that client objectives and mandates are being met.

## **Part 2B of Form ADV: *Brochure Supplement***

Jason W. Davis

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**This brochure supplement provides information about Jason Davis that supplements the Strategic Wealth Management, Inc. brochure. You should have received a copy of that brochure. Please contact Patrick Sizemore, CCO, if you did not receive our brochure or if you have any questions about the contents of this supplement.**

**Item 2. Educational Background and Business Experience**

Jason W. Davis

Year of Birth: 1971

Education:

Seattle Pacific University, B.S. degree in Electrical Engineering, 1995  
University of Washington, Executive MBA in Technology Management, 2003

Business Background:

President, Serenity Corporation from 08/1999 to 06/2004  
Financial Advisor, Merrill Lynch from 06/2004 to 06/2006  
Investment Consultant, Strategic Wealth Management, Inc. from 06/2006 to present

**Item 3. Disciplinary Information**

Mr. Davis does not have any history of reportable disciplinary events.

**Item 4. Other Business Activities**

Mr. Davis is not engaged in any outside business activities.

**Item 5. Additional Compensation**

Mr. Davis does not receive any additional compensation from any third party for providing investment advice to its clients and does not compensate anyone for client referrals.

**Item 6. Supervision**

As owners of SWM, Patrick Sizemore and James Sizemore are jointly responsible for all employee supervision. They can be reached at (425) 250-7600. These individuals, working closely with Jason Davis and Sr. employees are also primarily responsible for formulation and monitoring of investment advice offered to client, documenting investment meeting deliberations, overseeing all material investment policy changes, and conducting periodic testing to ensure that client objectives and mandates are being met.