

# Strategic Wealth Advisors, LLC

SEC File Number: 801 – 62947

## Brochure

**January 1, 2024**

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This brochure provides information about the qualifications and business practices of Strategic Wealth Advisors, LLC (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (480) 998-1798 or [John@xpertadvice.com](mailto:John@xpertadvice.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 Strategic Wealth Advisors, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The firm’s CRD# is 114167.

Registration with the Securities Exchange Commission does not imply a particular level of skill or training. Specific advisor qualifications can be found in Form ADV Part 2B, Supervised Persons Supplement.

## **Item 2            Material Changes**

Since our last annual update on January 1, 2023, this document was modified to reflect updated AUM figures. (Item 4).

### **Item 3            Table of Contents**

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

- A. Strategic Wealth Advisors (“SWA” or Strategic Wealth Advisors) is a limited liability company formed on December 24, 1998 in the state of Arizona. SWA became registered as an Investment Adviser Firm with the State of Arizona in January 1999 and with the Securities Exchange Commission in March 2004. The firm is owned by The John and Laurie Bagley Family Trust. Laurie B. Bagley is the firm’s Manager.
- B. As discussed below, Strategic Wealth Advisors offers to its clients (individuals, business entities, trusts, estates and pension and profit sharing plans, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

#### **INVESTMENT ADVISORY SERVICES**

Strategic Wealth Advisors provides discretionary investment advisory services on a *fee-only* basis. The firm’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under Strategic Wealth Advisors’ management and usually ranges between 0.25 and 1.00% annually (Specific Fee Schedule is outlined in Item 5, Fees and Compensation).

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent requested by a client, Strategic Wealth Advisors *may* provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Neither Strategic Wealth Advisors, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of Strategic Wealth Advisors’ services should be considered as such.

Planning and consulting fees are negotiable, but generally range from \$200 to \$500 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging Strategic Wealth Advisors to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with SWA setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to commencing services.

If requested by the client, SWA may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Strategic Wealth Advisors. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Important Note:** It is the client’s responsibility to promptly notify Strategic Wealth Advisors of any change in his/her financial situation or investment objectives so that we can review, evaluate or revise any previous recommendations and/or services.

#### **WEALTHBUILDER PROGRAM**

For young adults who do not meet the firm’s minimums but are affiliated with existing clients or who meet select criteria based on savings potential and willingness to engage in the financial planning process, the firm offers a modified service level with a tiered flat fee schedule, which is provided upon the onset of the engagement and outlined in the client Agreement.

## MISCELLANEOUS

**Other Types of Investment Services.** When specifically requested by a client, SWA *may* review a client's existing position or a potential investment in various non-traditional investments including but not limited to limited partnerships, oil and gas interests, options contracts, futures contracts, real estate and hedge funds. This review is limited to a broad overview of the investment's line of business, business model and sample projections. Quotes may be obtained for purchases or sales of partnership interests in the secondary market, however, all purchase/sale decisions are made by the client. All transaction costs and risks are borne by the client.

If Strategic Wealth Advisors provides investment advice relative to private investment funds, the following disclosure is applicable:

**Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.**

**Please Also Note: Valuation.** In the event that SWA references private investment funds owned by the client on any supplemental account reports prepared by SWA, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), it is important to understand that the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price.

**Please Note: Non-Discretionary Service Limitations.** Clients that request to engage Strategic Wealth Advisors on a non-discretionary investment advisory basis **must be willing to accept** that Strategic Wealth Advisors cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, Strategic Wealth Advisors will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

**Retirement Rollovers-No Obligation/Conflict of Interest:** A client leaving an employer typically has four options (and may engage in a combination of these options): 1) leave the money in his former employer's plan, if permitted, 2) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, 3) rollover to an Individual Retirement Account (IRA), or 4) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences).

Strategic Wealth Advisors may recommend an investor roll over plan assets to an IRA managed by Strategic Wealth Advisors. As a result, Strategic Wealth Advisors may earn an asset-based fee; however, a recommendation that a client or prospective client leave their plan assets with their old employer could result in no compensation. Strategic Wealth Advisors may have an economic incentive to encourage an investor to roll plan assets into an IRA that Strategic Wealth Advisors will manage.

There are various factors that Strategic Wealth Advisors may consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in the plan versus the fees and expenses in an IRA, iii) the services and responsiveness of the plan's investment professionals versus those of Strategic Wealth Advisors, iv) required minimum distributions and age considerations, and v) employer stock tax

consequences, if any. No client is under any obligation to roll over plan assets to an IRA managed by Strategic Wealth Advisors.

When Strategic Wealth Advisors provides investment advice to you regarding your retirement plan account or individual retirement account, SWA is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The manner in which SWA is compensated creates some conflicts with your interests. As such, SWA operates under a special rule that requires the firm to act in your best interest.

Under this special rule's provisions, SWA must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put SWA's financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that SWA gives advice that is in your best interest;
- Charge no more than is reasonable for the firm's services; and
- Give you basic information about conflicts of interest.

**Client Obligations.** In performing its services, SWA shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely upon the information provided. Each client is responsible for promptly notifying Strategic Wealth Advisors of any change in his/her financial situation or investment objectives so that SWA can review, evaluate and if necessary, revise previous recommendations and/or services.

**Disclosure Statement.** A copy of Strategic Wealth Advisors' written Brochure (Part 2A of Form ADV) shall be provided to each client prior to, or simultaneously with, the execution of the *Investment Advisory Agreement or Financial Planning and Consulting Agreement*. Any client who has not received a copy of our written Brochure at least 48 hours prior to executing the *Investment Advisory Agreement or Financial Planning and Consulting Agreement* shall have five business days subsequent to executing the agreement to terminate Strategic Wealth Advisors' services without penalty.

- C. Strategic Wealth Advisors shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Strategic Wealth Advisors shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on Strategic Wealth Advisor's services.
- D. Strategic Wealth Advisors does not participate in a wrap fee program.
- E. As of December 31, 2023, Strategic Wealth Advisors had \$288,610,925 in assets under management, \$266,996,850 on a discretionary basis and \$21,614,075 on a non-discretionary basis.

## Item 5 Fees and Compensation

- A. The client can engage Strategic Wealth Advisors to provide discretionary investment advisory services on a *fee-only* basis.

### INVESTMENT ADVISORY SERVICES

If a client engages Strategic Wealth Advisors to provide discretionary investment advisory services on a *fee-only* basis, Strategic Wealth Advisors' annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the firm's management (between 0.25% and 1.00% annually) as follows:

| <u>Standard Fee Schedule</u>      | <u>Annual</u> | <u>Quarterly</u> |
|-----------------------------------|---------------|------------------|
| First \$2,000,000                 | 1.00%         | 0.2500%          |
| Next \$2,000,000 to \$5,000,000   | 0.75%         | 0.1875%          |
| Next \$5,000,000 to \$10,000,000  | 0.55%         | 0.1375%          |
| Next \$10,000,000 to \$15,000,000 | 0.45%         | 0.1125%          |
| Next \$15,000,000 +               | 0.25%         | 0.0625%          |

Depending on the relationship with the client and assets being managed, fees on asset levels above \$3 million may be negotiable.

The annual fee for investment management services provided are based upon a percentage (%) of the market value of the Assets under management in accordance with the fee schedule in the Agreement signed by the client. Strategic Wealth Advisors considers cash to be an asset class and part of Assets under management and subject to the same fee calculation as the client's non-cash investments.

### FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, Strategic Wealth Advisors *may* provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Planning and consulting fees are negotiable, but generally range from \$200 to \$500 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

### WEALTHBUILDER PROGRAM

Strategic Wealth Advisors' WealthBuilder program is offered on a discretionary basis only to select clients who do not meet the firm's minimum asset requirement as discussed in Item 7, Types of Client. The program utilizes automated portfolios selected and overseen by the firm and may include limited financial guidance from time to time on an as-needed basis. Due to the automated nature of the investment management and limited service offering, the fee structure is simplified and is based upon the fees outlined in the fee schedule made part of the Agreement signed by the client. It is the firm's expectation that such clients would eventually meet the firm's minimum for discretionary investment management and would become subject to the discretionary investment management fee schedule in effect at the time.

- B. Clients may elect to have Strategic Wealth Advisors' advisory fees deducted from their custodial account. Both SWA's *Investment Advisory Agreement* and the custodial/ clearing agreement authorize the custodian to debit the account for the amount of the investment advisory fee and to directly remit that management fee to Strategic Wealth Advisors in compliance with regulatory procedures. In the limited event that Strategic Wealth Advisors bills the client directly, payment is *due upon receipt* of Strategic Wealth Advisors' invoice. Strategic Wealth Advisors shall deduct fees and/or bill investment advisory clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter. The firm shall bill WealthBuilder clients quarterly, in arrears, based upon the market value of the assets on the last day of the quarter in which the Agreement is executed and reset the same quarter every year thereafter ('reset date'). In the event significant contributions are made prior to the reset date, Adviser has the discretion to reset the asset value upon which fees are charged at that time. The firm shall deduct fees and/or bill consulting clients on a monthly basis based on time incurred under the agreement.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Strategic Wealth Advisors shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") and/or Fidelity Investments ("*Fidelity*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* and *Fidelity* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to SWA's investment management fee and brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). To the extent a separately managed account is utilized, a separate management fee will also be charged.
- D. SWA's annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter. Strategic Wealth Advisors generally requires a minimum annual fee of \$10,000 (based on \$1 million in assets) when the client seeks ongoing portfolio supervision. However, the firm, in its sole discretion, may charge a lesser investment 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, negotiations with client, etc.).
- The *Investment Advisory Agreement* between Strategic Wealth Advisors and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, Strategic Wealth Advisors' investment advisory fee shall be prorated through the date of cancellation (30 days from notice of termination).
- E. Neither Strategic Wealth Advisors, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither Strategic Wealth Advisors nor any supervised person of Strategic Wealth Advisors accepts performance-based fees.

## **Item 7 Types of Clients**

Strategic Wealth Advisors' clients shall generally include individuals, business entities, trusts, estates and pension and profit sharing plans. Strategic Wealth Advisors generally requires a minimum account size of \$1,000,000 for new accounts when the client seeks ongoing portfolio supervision. However, the firm, in its sole discretion, may lower the required minimum 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, negotiations with client, etc.).

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

A. Strategic Wealth Advisors uses a variety of security analysis including:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

Strategic Wealth Advisors uses a variety of investment strategies when implementing investment advice given to clients including:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- Margin Transactions (use of borrowed assets to purchase financial instruments)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Strategic Wealth Advisors) will be profitable or equal any specific performance level(s).

B. Strategic Wealth Advisors' methods of analysis and investment strategies do not present any unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis Strategic Wealth Advisors must have access to current/new market information. Strategic Wealth Advisors has no control over the dissemination rate of market information; therefore, unbeknownst to Strategic Wealth Advisors, certain analyses may be compiled with outdated market information, severely limiting the value of our analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Our primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time

period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, Strategic Wealth Advisors may also implement and/or recommend – short selling, use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk. (*See* discussion below).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets. **Note:** This is not a typical strategy employed by our firm. However, we may pursue such trading to the extent we deem it appropriate for a client, based on the client's investment objective(s).

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please note:** SWA does not typically trade on margin but often recommends applying for margin privileges at the selected custodian for cash flow purposes. In order to keep a portfolio fully invested, it is sometimes necessary to purchase securities on margin while waiting for the settlement proceeds from a security that was sold. Additionally, clients sometimes have unanticipated cash flow needs and rather than selling securities, particularly at a loss, request that withdrawals be made on margin as a short-term cash flow source.

To the extent that a client authorizes the use of margin, and margin is thereafter employed by Strategic Wealth Advisors in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to Strategic Wealth Advisors *may* be increased (not typically if margin is only used while pending settlement). As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential **conflict of interest** whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to Strategic Wealth Advisors. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by Strategic Wealth Advisors shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by Strategic Wealth Advisors is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Strategic Wealth Advisors, in writing, not to employ any or all such strategies for his/her/their/its accounts. **Please also note** that option transactions are not typically employed by Strategic Wealth Advisors.

In the event we deem such a strategy to be appropriate for a client, we usually discuss the strategy and its risks in detail with the client.

- C. Currently, Strategic Wealth Advisors primarily allocates client investment assets among various individual equity and fixed income securities, mutual funds and/or exchange traded funds, on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

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

Strategic Wealth Advisors has not been the subject of any disciplinary actions.

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

- A. Neither Strategic Wealth Advisors, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Strategic Wealth Advisors, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Strategic Wealth Advisors may from time to time recommend a separate account manager. Such manager may also be a Registered Investment Advisor and as such is required to provide all relevant regulatory documentation. SWA does not receive any additional compensation for investments made with separate account managers.

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

- A. Strategic Wealth Advisors maintains an investment policy relative to personal securities transactions. This investment policy is part of SWA's overall Code of Ethics, which serves to establish a standard of business conduct for all of SWA's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust - a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Strategic Wealth Advisors also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Strategic Wealth Advisors or any person associated with Strategic Wealth Advisors.

- B. Neither Strategic Wealth Advisors nor any related person of SWA recommends, buys, or sells for client accounts, securities in which Strategic Wealth Advisors or any related person of SWA has a material financial interest.
- C. Strategic Wealth Advisors and/or representatives of Strategic Wealth Advisors *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Strategic Wealth Advisors and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Strategic Wealth Advisors did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Strategic Wealth

Advisors' clients) and other potentially abusive practices.

Strategic Wealth Advisors has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Strategic Wealth Advisors' "Access Persons". Strategic Wealth Advisors' policy requires that each Access Person of Strategic Wealth Advisors provide the Chief Compliance Officer (or his/her designee) a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer (or his/her designee) with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Strategic Wealth Advisors selects; provided, however that at any time that the *Firm* has only one Access Person, he or she shall not be required to submit any securities report described above. The Initial and Annual Holding Report requirement may be satisfied by providing account statements to the *Firm* no later than ten (10) days after becoming an access person and forty-five (45) days after the end of the calendar year.

- D. Strategic Wealth Advisors and/or representatives of Strategic Wealth Advisors *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Strategic Wealth Advisors and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, Strategic Wealth Advisors has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of SWA's Access Persons.

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that Strategic Wealth Advisors recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Strategic Wealth Advisors to use a specific broker-dealer/custodian), SWA generally recommends that investment management accounts be maintained at *Charles Schwab* ("Schwab") and/or *Fidelity*. Prior to engaging SWA to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with us setting forth the terms and conditions under which we shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Strategic Wealth Advisors considers in recommending *Schwab* and/or *Fidelity* (or any other broker-dealer/custodian to clients) include historical relationship with Strategic Wealth Advisors, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by our clients shall comply with Strategic Wealth Advisors' duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Strategic Wealth Advisors determines, in good faith, that the commission/transaction fee is 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 broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although SWA will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of and in addition to our investment management fee. Note, Strategic Wealth Advisors' best execution responsibility is qualified if securities that we purchase for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, SWA may receive from *Schwab* and/or *Fidelity* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist Strategic Wealth Advisors to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Strategic Wealth Advisors may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by SWA in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Strategic Wealth Advisors in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Strategic Wealth Advisors in managing and further developing our business enterprise.

Our clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* and/or *Fidelity* as a result of this arrangement. There is no corresponding commitment made by Strategic Wealth Advisors to *Schwab* and/or *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**Strategic Wealth Advisors' Chief Compliance Officer, John A. Bagley, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. In the event that the transactions for a client's accounts are effected through a broker-dealer that refers investment management clients to SWA (none currently) or a broker-dealer that the client selects, there exists the potential for conflict of interest if the accounts incur higher commission or transaction costs than the accounts would otherwise have incurred had the client determined to effect account transactions through alternative clearing arrangements that may have been available through the firm.

**Strategic Wealth Advisors' Chief Compliance Officer, John A. Bagley, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

3. Strategic Wealth Advisors does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Strategic Wealth Advisors will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Strategic Wealth Advisors. As a result, 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.

**Please Note:** In the event that the client directs Strategic Wealth Advisors to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Strategic Wealth Advisors.

**Strategic Wealth Advisors' Chief Compliance Officer, John A. Bagley, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that Strategic Wealth Advisors provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Strategic Wealth Advisors decides to purchase or sell the same securities for several clients at approximately the same time. Strategic Wealth Advisors may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Strategic Wealth Advisors' 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 be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Strategic Wealth Advisors shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom SWA provides investment supervisory services, account reviews are conducted on an ongoing basis by SWA representatives. All investment supervisory and consulting clients are encouraged to discuss with the firm his/her/their investment objectives needs and goals and to keep Strategic Wealth Advisors informed of any changes regarding same. All clients are encouraged to meet, at least annually, with Strategic Wealth Advisors to review investment objectives and account performance.
- B. Strategic Wealth Advisors may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. All clients receive statements at least quarterly (and in many cases, monthly) from their selected custodian detailing asset holdings, transactions and cash activities. SWA may provide a more detailed written report quarterly or annually. This report may include an overall asset allocation analysis of assets under advisement (subject to data availability) as well as detail regarding exposures to various industries and sectors. Clients may request a specific review or report at any time.

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

- A. As referenced in Item 12.A.1 above, Strategic Wealth Advisors may receive an indirect economic benefit from *Schwab* and/or *Fidelity*. Strategic Wealth Advisors, without cost (and/or at a discount), may receive support services and/or products from *Schwab* and/or *Fidelity*.  
  
SWA's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* and/or *Fidelity* as a result of this arrangement. There is no corresponding commitment made by Strategic Wealth Advisors to *Schwab* and/or *Fidelity* or any other any entity to invest any

specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**Strategic Wealth Advisors' Chief Compliance Officer, John A. Bagley, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. Strategic Wealth Advisors does compensate, directly or indirectly, person(s), other than its representatives, for client referrals. Strategic Wealth Advisors has entered into a third party solicitation agreement. On occasion, Strategic Wealth Advisors may receive referrals of prospective clients pursuant to a third-party solicitation agreement signed by both parties. As part of this arrangement, the third-party (promoter) is compensated for any referred individuals who become clients of Strategic Wealth Advisors. Referral fees are paid by Strategic Wealth Advisors as a portion of the quarterly advisory fees received from referred clients. The third-party promoter is not an employee of Strategic Wealth Advisors and does not provide advisory services to any clients of Strategic Wealth Advisors. The solicitor provides all referred prospective clients with a copy of a disclosure document describing the scope of the arrangement and such prospective clients acknowledge receipt of the disclosure document.

## **Item 15 Custody**

Strategic Wealth Advisors shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. All clients receive monthly or quarterly statements from their selected custodian detailing asset holdings, transactions and cash activities. SWA may provide a more detailed report quarterly or annually. This report may include an overall asset allocation analysis of assets under advisement (subject to data availability) as well as detail regarding exposures to various industries and sectors. If you are not receiving at least quarterly custodial account statements, please contact us at (480) 998-1798.

**Please Note:** To the extent that Strategic Wealth Advisors provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Strategic Wealth Advisors with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Strategic Wealth Advisors' advisory fee calculation.

## **Item 16 Investment Discretion**

The client can engage Strategic Wealth Advisors to provide investment advisory services on a discretionary basis. Prior to Strategic Wealth Advisors assuming discretionary authority over a client's account, client shall be required to execute *Investment Advisory Agreement*, naming Strategic Wealth Advisors as client's attorney and agent in fact, granting Strategic Wealth Advisors full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name for the discretionary account.

Clients who engage Strategic Wealth Advisors on a discretionary basis may, at any time, impose restrictions, **in writing**, on Strategic Wealth Advisors' discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Strategic Wealth Advisors' use of margin, etc.).

## **Item 17 Voting Client Securities**

- A. Strategic Wealth Advisors does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Strategic Wealth Advisors to discuss any questions they may have with a particular solicitation.

**Item 18      Financial Information**

- A. Strategic Wealth Advisors bills in arrears and does not solicit prepayment of fees in advance.
- B. Strategic Wealth Advisors is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Strategic Wealth Advisors has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: Strategic Wealth Advisors' Chief Compliance Officer, John A. Bagley remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**