Form ADV Part 2A

Disclosure Brochure

March 27, 2025

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This brochure provides information about the qualifications and business practices of SWS Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 614-670-5733 or admin@swspartners.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

You can find more information about SWS Partners, LLC at the SEC's website www.adviserinfo.sec.gov. The firm's SEC File No. is 801-107254.

Item 2 – Material Changes

This item is used to provide you with a summary of new and/or updated information. You will receive a summary of any material changes to this brochure within 120 days of the close of our fiscal year. Furthermore, we will provide you with other interim disclosures about material changes, as necessary. Since our last amendment filed on October 1, 2024, the firm's disclosure brochure has had the following material changes:

- Item 4: Updated firm services description. Also updated assets under management to reflect values as of December 31, 2024.

You may also obtain a copy of this brochure by contacting Kristin Prieur, Chief Compliance Officer, by phone at (810) 775-1901, or by email at kprieur@kbc.team.

Additional information about SWS Partners, LLC is available via the SEC's website www.adviserinfo.sec.gov.

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Item 4 – Advisory Business

The Company

SWS Partners, LLC ("we," "us" or "SWS") is an Ohio limited liability company owned by Kessler Wealth Advisors LLC. Kessler Wealth Advisors LLC is owned by James F. Parker (50%) and Philip Kessler (50%). SWS has been providing investment advisory services since November 2015.

Advisory Services

SWS provides personalized, confidential financial planning, investment management and consulting services to individuals, multi-family home offices, pension and profit-sharing plans, trusts, estates, charitable organizations, and small businesses. We consult with you and provide advice with respect to one or more of the following:

- Determining your financial objectives
- Identifying financial challenges
- Budgeting, cash flow analysis and debt management
- Retirement needs analysis
- Qualified and non-qualified employee/executive benefit planning
- Financial coaching
- Charitable, college and estate planning
- Tax planning
- Insurance and long-term care planning
- Investment and real estate planning
- Business and succession planning

Our services are for clients seeking a personalized approach to implementing an individually customized strategy designed to meet their investment goals and objectives through portfolio monitoring and quarterly reporting. We work with clients to understand their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, SWS assists its clients in developing an appropriate strategy for managing their assets and financial affairs. We manage client accounts primarily on a discretionary basis but can accommodate clients who prefer their assets be managed on a non-discretionary basis. Assets managed within our wrap program must be on a discretionary basis. This individualized approach allows us to work with you to achieve your investment goals.

At the beginning of SWS's relationship with you, we review your current investment portfolio, obtain information necessary to understand your current and expected financial situation, discuss with you your investment history, objectives, special interests, and risk tolerance, and make recommendations regarding your portfolio. Additionally, you can participate in regular planning meetings, telephone consultations and educational seminars.

We offer the following advisory services to assist clients in achieving their unique goals and objectives. The different services offer clients a personalized approach to implementing an investment strategy through asset allocation, portfolio monitoring and consolidated reporting.

SWS Wealth Management

SWS's Wealth Management services are designed to meet the challenging and diverse needs of its high-net-worth clients. These services are offered exclusively as a wrap fee program; please see SWS Wealth Management Wrap Fee Program Brochure for details.

SWS Wealth Management clients receive the following:

- Individually managed tactical portfolios constructed from ETFs, private equities, and individual equities.
- Real-time investment report incorporating performance measurement of the investments in accordance with the client's investment objectives through Addepar and/or Envestnet.
- Banking – Assistance in establishing banking relationships, lending and credit facilities, and related services to meet your investment and business needs.
- Alternative Investments – SWS will recommend alternative investment managers that meet the client's needs, including direct partnerships and fund of funds. SWS will also provide ongoing review of the managers and recommendations of new managers.
- Financial Planning –SWS will provide advice on one or more of the following issues:
    - Determining your financial objectives
    - Identifying financial challenges
    - Budgeting, cash flow analysis and debt management
    - Retirement needs analysis
    - Qualified and non-qualified employee/executive benefit planning
    - Financial coaching
    - Charitable, college, and estate planning
    - Tax planning
    - Estate/Trust planning
    - Insurance and long-term care planning

    - Investment and real estate planning
    - Business and succession planning
- Portfolio reporting through Addepar and/or Envestnet.

SWS Investment Management

SWS offers managed stock portfolios that may be available to the Client as part of a recommended investment strategy. SWS retains sole authority and responsibility for approval and maintenance of these models. If you are invested in one of SWS's managed stock portfolios, SWS will charge you an investment management fee for research, portfolio maintenance, and the execution of transactions and other related services in your Account. Please refer to Item 5: Fees and Compensation for more details. The managed stock portfolios currently offered by SWS are:

- SWS Growth Equity - Seeks long-term capital appreciation by investing in publicly traded issuers that the firm deems to have superior competitive advantages and opportunities for outsized appreciation relative to broad core equity market proxies.
- SWS Dividend Equity - Seeks yield primarily and long-term capital appreciation secondarily by investing in publicly traded issuers that the firm deems to have stable competitive advantages and opportunities for outsized appreciation relative to broad value equity market proxies.

The recommendation for a client to invest in a SMA managed by SWS presents a conflict of interest because clients pay fees when investing in a SMA that are in addition to their management or advisory fees paid to SWS for its wealth advisory services, and SWS or its affiliates' earn additional revenue in these circumstances.

SWS Financial Planning

SWS will provide advice on one or more of the following issues:

- Determining your financial objectives
- Identifying financial challenges
- Budgeting, cash flow analysis and debt management
- Retirement needs analysis
- Qualified and non-qualified employee/executive benefit planning
- Financial coaching
- Charitable, college, and estate planning
- Tax planning
- Estate/Trust planning
- Insurance and long-term care planning
- Investment and real estate planning
- Business and succession planning

- A minimum of four meetings per year with financial planner
- Client can call planner on an unlimited basis

Under this service, SWS' recommendations (e.g., investments, estate planning, taxes, insurance, etc.) shall be discussed by SWS with the client and may be implemented, at the client's sole discretion, with the corresponding professional adviser(s) (e.g., broker, accountant, attorney, etc.) of the client's choosing, which may (but need not) be SWS. The client is free to obtain legal, accounting, and brokerage services from any professional source to implement SWS' recommendations and the client will retain absolute discretion over all implementation decisions.

Under this service, SWS' services do not include investment supervisory or management services, nor the regular monitoring of the Client's investment portfolio. To add these services, a separate investment advisory agreement must be entered into between SWS and the client.

SWS Multi-Family Office

SWS shall provide multi-family offices the following non-discretionary services:

- Single point of contact for all financial matters.
- Access to the full breadth and depth of the SWS team of specialists to include, where appropriate: 1) access to direct alternative assets such as real estate/private equity/ venture capital; 2) reviewing and providing due diligence on third party managers/investment products; 3) providing strategic advice when requested regarding alternative assets such as real estate, private equity, and venture capital; and providing advice and counsel where necessary as it pertains to estate and succession planning.
- Comprehensive goals-based financial planning consisting of, where appropriate: 1) reviewing and prioritizing your goals and objectives of your current financial situation; 2) completing a succession planning assessment, including financial projections of assets required to maintain lifestyle while achieving additional life goals; 3) assessing exposure to financial risk and developing a risk management plan, where applicable; and 4) identifying tax planning strategies to optimize financial position, where applicable.
- Reviewing current investment portfolio and suggesting an asset allocation for those assets.
- Integrating and engaging with other professionals, as required, to assist with implementation of the action plan.
- Total portfolio administration and reporting through Addepar.
- Yearly retainer fee based on the terms of the engagement, charged quarterly.

Under this service, SWS' recommendations (e.g., investments, estate planning, taxes, insurance, etc.) shall be discussed by SWS with the client and may be implemented, at the client's sole discretion, with the corresponding professional adviser(s) (e.g., broker, accountant, attorney, etc.) of the client's choosing, which may (but need not) be SWS. The client is free to obtain legal, accounting, and brokerage services from any professional source to implement SWS' recommendations and the client will retain absolute discretion over all implementation decisions.

Under this service, SWS' services do not include investment supervisory or management services, nor the regular monitoring of the Client's investment portfolio. To add these services, a separate investment advisory agreement must be entered into between SWS and the client.

SWS Institutional Asset Management

Under its institutional arm SWS Institutional Asset Management, SWS offers a suite of institutional services to other investment advisers, large institutions, and multi-family offices. These services are designed for institutional clients with portfolio assets of at least $20,000,000 to assist in delivering portfolio management services that are consistent with the institution's investment policy mandate. SWS offers the following services:

- Discretionary investment program designed for taxable and tax-exempt institutions on a separate account basis.

SWS Managed Account Programs

SWS participates in sub-advisory programs, sometimes referred to as SMA programs, where we furnish investment advice and recommendations by managing and executing separately managed accounts as the program's investment manager.

The firms that offer our SMA programs are solely responsible for determining the suitability of our program for their clients, and we manage and execute trades for these accounts. The firms are also responsible for providing all administrative and performance reporting services to their clients. On occasion, these SMA programs can hold slightly different funds than SWS's direct advisory accounts due to position restrictions imposed by the client. SWS has the ability to obtain waivers in some cases and makes every effort to obtain access to restricted funds. Because of this fact, the performance between our standard direct models and our platform models can and will differ.

SWS Outsourced Chief Investment Officer ("OCIO")

SWS provides OCIO services to other investment advisers, large institutions, corporations, and multi-family offices. SWS offers the following services as part of its OCIO program:

- Discretionary investment program designed for taxable and tax-exempt institutions on a separate account basis.
- Portfolio construction generally comprised of a diversified portfolio of index funds, mutual funds, separately managed accounts, exchange traded funds and/or commingled fund products.

Includes all of the following:

- Investment Policy Statement: SWS will assist the client in drafting a policy or modifying a current policy that specifies the client's goals and objectives, as well as the asset allocation targets and ranges, the performance and risk benchmarks, manager guidelines and restrictions, how the managers will be evaluated, and concludes with an acknowledgement section where all applicable constituents attest to these policies. SWS will assist the client in the ongoing review and implementation of the Investment Policy Statement on at least an annual basis and recommend updates as needed.
- Asset Allocation Study: Based on the client's return objectives and risk tolerance, SWS will assist the client in developing the appropriate asset mix. SWS will review the asset allocation annually.
- Performance Reports: Clients receive real-time investment reports incorporating performance measurement of the investments in accordance with the client's investment objectives through Addepar.
- Alternative Investments: SWS will recommend alternative investment managers that meet the client's needs, including direct partnerships and funds of funds. SWS will also provide ongoing review of the managers and recommendations of new managers.

SWS Consulting

On a case-by-case basis, SWS will provide business consulting for institutional or individual investors of institutional size (e.g., family offices) who are interested in better understanding the impact of their current internal investment management operations and/or asset allocation. A fixed retainer will be based on the type of consulting needed, the size of the portfolio, complexity, and length of time of engagement.

Client-Tailored Services and Client-Imposed Restrictions

We will work with you to accommodate reasonable restrictions in any investment strategy. You must advise us of any such restrictions in writing, and you should be aware that imposing investment restrictions could adversely affect the performance of your account.

Wrap Fee Programs

SWS Wealth Management is offered exclusive as a wrap fee program, where the client pays one fee for the brokerage, management, and administrative expenses for the account. This "wrapped" fee is based on the amount of assets in the account. Please see the SWS Wealth Management Wrap Fee Program Brochure for more details.

Assets Under Management

As of December 31, 2024, SWS managed $359,732,579 in discretionary assets and $0 of non-discretionary assets.

Item 5 – Fees and Compensation

Amount of Our Fees

SWS Wealth Management

SWS Wealth Management is offered exclusively as a wrap fee program. Please refer to the SWS Wealth Management Wrap Fee Brochure for a description of the wrap fee program fees.

SWS Investment Management

The SWS Investment Management fee is charged on select SMA stock portfolios. The fee is 50 bps. This fee is not part of the SWS Wealth Management Wrap Fee and will be charged in addition to the wrap fee if a client is investing in one of the applicable stock portfolios. SWS reserves the right to lower this fee at the firm's discretion. Please refer to the SWS Wrap Fee Brochure for further information.

SWS Institutional Asset Management

The maximum fee offered to clients under the SWS Institutional Asset Management service is 80 bps. However, each institutional relationship is unique, and the actual schedule will depend on the size and complexity of each engagement. Institutional & OCIO fees will be negotiated and agreed to by the client and SWS prior to the commencement of the engagement.

SWS Managed Account Programs

The fee schedule for SWS Managed Account Programs is as follows:

Assets Under Management	Annual Fee
$0-$500,000	1.10%
$500,001 - $2,000,000	1.00%
$2,000,001+	0.90%

SWS reserves the right to lower the fees for Managed Account Programs at the firm's discretion.

Financial Planning

Generally, Financial Planning services are billed at a rate of $5,000 annually, which may be revised up or down, from time to time, based on the scope of the engagement. Fees are billed quarterly in advance. The quarterly installment shall be billed to the client's investment account(s) with SWS Partners. In the event the client does not have investment accounts managed by SWS Partners, SWS Partners shall invoice the Client the fee on a quarterly basis, and the fee shall be due and payable thirty (30) days thereafter.

If the engagement is terminated, a pro-rata refund is paid to the client provided based upon the remaining days in the quarter for which an advance fee was paid to SWS.

Multi-family Office Services

Multi-family office services are billed at a minimum rate of $50,000 per year, to be paid in four equal installments of $12,500, payable quarterly on the first day of each quarter. The quarterly installment shall be billed to the client's investment account(s) with SWS Partners. In the event the client does not have investment accounts managed by SWS Partners, SWS Partners shall invoice the Client the fee on a quarterly basis, and the fee shall be due and payable thirty (30) days thereafter.

Consulting Services

A fixed retainer will be based on the type of consulting needed, the size of the portfolio, complexity, and length of time of engagement. The fee varies based on the scope of the work provided and will be disclosed and approved by the client in a separate written agreement prior to the commencement of services.

Fee Billing

SWS Wealth Management Fees

Our fees are paid quarterly in advance and are based on the market value of the assets in your account on the last business day of the calendar quarter. We will deduct our fees directly from your account at Schwab. If you have insufficient cash in your account to pay our fee, we may sell certain of your account assets to pay the fee. Fees are pro-rated for partial periods. If you terminate your agreement with us during a quarter, we will refund pro rata portion of the fee you paid for that quarter, based on the number of days between the end of the notice period and the end of the quarter.

SWS Institutional Asset Management

Institutional fees will be negotiated and agreed to by the client and SWS prior to the commencement of the engagement. Fees will be paid monthly in arrears and will be based on the market value of the assets in the clients' account(s) unless agreed in writing otherwise.

SWS Investment Management

For internal SWS SMA accounts, fees will be paid quarterly in advance based on the market value of the assets in your account on the last business day of the calendar quarter. We will deduct our fees directly from your account. If you have insufficient cash in your account to pay our fee, we may sell certain of your account assets to pay the fee. Fees are pro-rated for partial periods. If you terminate your agreement with us during a quarter, we will refund pro rata portion of the fee you paid for that quarter, based on the number of days between the end of the notice period and the end of the quarter.

SWS Managed Account Programs

Fees will be paid monthly in arrears and will be based on the daily average market value of the assets invested in the SWS SMA portfolio. We will deduct our fees directly from your account. If you have insufficient cash in your account to pay our fee, we may sell certain of your account assets to pay the fee. Fees are pro-rated for partial periods. If you terminate your agreement with us during a month, we will deduct the pro rata portion of the fee you owe for that month, based on the number of days between the end of the notice period and the end of the prior month. If the account transfers out of the custodian prior to our ability to deduct your final fee, we will invoice you for the remaining unpaid period.

Consulting Fees

Our fees for financial consulting services are fixed, and are payable in advance and in full, once scope and contract are agreed upon, unless SWS and the client mutually agree otherwise.

Other Fees

Your account may be invested in exchange traded funds ("ETFs") or other investment companies, such as mutual funds, hedge funds and private equity funds. These investment companies charge internal management fees, which are disclosed in their prospectuses or offering documents. These fees are not shared with SWS. We evaluate these relative annual costs as a part of our investment decision-making process. In addition, you may incur transfer taxes, custodial fees, wire transfer fees and other fees assessed by broker/dealers in connection with transactions in your brokerage/trading account.

You could invest in an ETF or other investment company directly. In that case, you would not receive the services we provide, which are designed in part to help you determine which, if any, investment companies are best suited to your financial condition and objectives. You should review the fees charged by the investment companies and our fees to fully understand the total amount of fees you will pay and to evaluate the advisory services we provide.

External Compensation for the Sale of Securities to Clients

SWS's advisory professionals are compensated primarily through a salary and bonus structure.

Important Disclosure – Custodian Investment Programs

Please be advised that the firm utilizes certain custodians/broker-dealers. Under these arrangements we can access certain investment programs offered through such custodian(s) that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. Please note the following:

Limitation on Mutual Fund Universe for Custodian Investment Programs: There are certain programs in which we participate where a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client.

Conflict Between Revenue Share Class (12b-1) and Non-Revenue Share Class Mutual Funds: Revenue share class/12b-1 fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances where the custodian receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm clients.

Additional Disclosure Concerning Wrap Programs: Wrap fee programs offer investment services and related transaction services for one all-inclusive fee (except as may be described in the applicable wrap fee program brochure). The trading costs are typically absorbed by the firm and/or the investment representative. If a client's account holds A- Shares within a wrap fee program, the firm and/or its investment adviser representative avoids paying the transaction fees charged by other mutual fund classes, which in effect decreases the firm's costs and increases its revenues from the account. Effectively, the cost is transferred to the client from the firm in the form of a lower rate of return on the specific mutual fund. This creates an incentive for the firm or investment adviser representative to utilize such funds as opposed to those funds that may be equally appropriate for a client but do not carry the additional cost of 12b-1 fees. The firm does not recommend the use of mutual funds in wrap fee programs that carry embedded 12b-1 fees. Clients should understand and discuss with their investment adviser representative the types of mutual fund share classes available and what types of programs (wrap or non-wrap) are most appropriate.

Item 6 – Performance-Based Fees & Side-by-Side Management

We do not accept "performance-based fees" (i.e., fees based on a share of capital gains on or capital appreciation of your assets) on any separately managed accounts. In certain private funds that we manage, we or our affiliates receive profit allocations (e.g., "carried interest") in addition to a management fee.

Where appropriate, certain clients may be notified about investment opportunities in the private funds managed by SWS Partners. In such cases, SWS Partners may notify clients about these investment opportunities. SWS Partners always seeks to treat its clients fairly over time and these types of investment opportunities will be presented to those clients for whom SWS Partners believes, based on the client's stated financial profile, investment objectives, risk tolerance, and liquidity needs, that the investment would be appropriate.

Furthermore, conflicts of interest could exist between the investment opportunities for SMAs and the private funds managed by SWS Partners. Conflicts may exist due to overlap between the securities utilized in both the SMA strategies and in the private fund strategies. We always endeavor to put the interest of our clients first, and we have implemented policies and procedures for fair and consistent allocation of investment opportunities among any funds or other client accounts, subject to the fund's/client's underlying strategy, cash availability, restrictions on individual client accounts, and other appropriate considerations.

Item 7 – Types of Clients

SWS provides investment management services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, financial institutions, and small businesses.

For SWS Institutional & OCIO, there is a minimum portfolio value of $20,000,000.

We reserve the right to waive minimum account size requirements at our discretion.

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

The investment strategies employed by SWS share a common philosophy: reply upon the efficiencies of passively managed asset class exposures where we believe we do not possess a material fundamental edge; exploit the inefficiencies of mis-pricings in asset classes where we believe we have a fundamental edge. Risks to a portfolio come in many forms, as outlined in Risk of Loss below, but price volatility is a main consideration in the management of our portfolios and a focal point of clients. Since the vast majority of a portfolio's variability of return is explained by the underlying holdings' asset class, we pay close attention to our asset class exposures in order to avoid unintended sources of risk. Total return is achieved via capital appreciation and income, and a specific strategy may have a focus on either capital appreciation and/or income. Individual clients' allocations to our underlying strategies will look to optimize for a total return outcome based upon their individual level of risk tolerance.

Methods of Analysis

SWS primarily employs fundamental analysis in developing investment strategies for its clients.

- *Fundamental Analysis.* The success of our strategies depends in large part on our ability to accurately assess the fundamental value of securities and capital markets in general. An accurate assessment of fundamental value depends on a complex analysis of a number of economic, financial, operating, legal and other factors. No assurance can be given that we can assess the nature and magnitude of all material factors having a bearing on the value of securities.

Our research and analysis is derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and third-party research.

Investment Strategies

In managing client accounts, we generally employ a long-term investment strategy consistent with our client's financial goals. We typically will hold all or a portion of a security for more than a year but may hold for shorter periods to rebalance a portfolio, meet a client's cash needs, or tactically respond to price reactions. In addition, SWS may at times buy and sell positions that are more short-term in nature, depending on the goals of the client and/or the fundamentals of the security, sector, or asset class. However, we do not utilize frequent trading. Frequent trading may result in higher transactional costs and may cause deterioration in investment performance. Frequent trading also may cause additional tax consequences (i.e., higher taxes) for the client.

In managing a portfolio, SWS principally recommends investment in individual equity securities, ETFs, private equities, mutual funds, hedge funds and other investment companies. These securities may be subject to material loss of principal or loss of principal in its entirety. Investment in these securities and in financial markets in general may subject clients to material risks such as those set forth below.

Our primary investment strategies include the:

- SWS Dividend Equity strategy, which seeks to generate attractive risk-adjusted total returns with an emphasis on income generation via dividend-paying common equities. The strategy remains nearly fully invested across most sectors comprising its stated benchmark and focuses on issuers that we believe have superior competitive advantage prospects within their relative sector constituency. The strategy targets dividend paying issuers and seeks portfolio dividend yield at/above 1.5x that of the S&P 500 Index. Secondarily, the portfolio looks to achieve long-term capital appreciation. This strategy remains nearly fully invested with position weight variability, allowing for sector allocation precision. The portfolio rebalances towards the end of each quarter, with possible position weight modifications in order to mitigate sector drift.

- SWS Growth Equity strategy, which seeks to create long-term capital appreciation by investing in companies across multiple industries that have the ability to maintain or take a profitable market share. The SWS Growth Equity strategy employs a systematic, fundamental research-based process to identify companies with sustainable competitive advantage and compelling cash flow attributes. The strategy seeks to isolate idiosyncratic factors with the purpose or goal seeking to allow stock selection to drive alpha and mitigate drawdowns.

Risk of Loss

All investments in securities include a risk of losing your principal (invested amount) and any profits that you have not yet realized. You should be prepared to bear that risk. As you know, the stock and fixed income markets fluctuate substantially over time. In addition, as recent global and domestic economic events have shown, the performance of any investment is not guaranteed.

Our strategies may subject clients to the following risks:

- *Correlation Risk*: The price of equity securities and fixed income securities, as well as other asset classes, often rise and fall at different times so that a fall in the price of one may be offset by a rise in the price of the other. In deteriorating markets, the prices of securities within and across asset classes may fall in tandem. Because our strategies allocate investments targeted in one asset class or across asset classes, the strategies are subject to correlation risk.

- *Credit Risk:* Issuers of fixed income securities may not make interest or principal payments on securities, resulting in losses to an investor. In addition, the credit quality of an issuer's securities may be lowered if an issuer's financial condition changes, including the U.S. government.
- *Derivatives Risk*: Some ETFs use derivatives, such as swaps, options, and futures, among others. Derivative instruments may be illiquid, difficult to value and leveraged so that small changes may produce disproportionate losses to a client. Over-the-counter derivatives, such as swaps, are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. Losses from investments in derivatives can result from a lack of correlation between the value of those derivatives and the value of the underlying asset or index. In addition, there is a risk that the performance of the derivatives or other instruments used by ETFs to replicate the performance of a particular asset or asset class may not accurately track the performance of that asset or asset class.

- *Diversification Risk*: A client's portfolio may be limited to only a few investments. As a result, the client's performance may be more sensitive to any single economic, business, political or regulatory occurrence, relative to the value of a more diversified portfolio.

- *Emerging Market Risk*: Emerging market countries may have relatively unstable governments, weaker economies, and less-developed legal systems with fewer security holder rights. Emerging market economies may be based on only a few industries and security issuers may be more susceptible to economic weakness and more likely to default. Emerging market securities also tend to be less liquid.
- *ETF Risk*: ETFs are subject to investment advisory and other expenses, which will be indirectly paid by clients. As a result, the cost of the investment strategy will be higher than the cost of investing directly in ETFs. In addition, ETFs are subject to specific risks, depending on the nature of the fund. ETFs are professionally managed pooled investment vehicles that invest in stocks, bonds, short-term money market instruments, other ETFs, derivatives and other securities, or any combination thereof. ETF managers trade fund investments in accordance with fund investment objectives. While ETFs may provide diversification, risks can be significantly increased for funds concentrated in a particular sector of the market, or that primarily invest in small cap or speculative companies, use leverage (i.e., borrow money), or concentrate in a particular type of security rather than balancing the fund with different types of securities. ETFs can be bought and sold throughout the day and their price can fluctuate throughout the day. During times of extreme market volatility, ETF pricing may lag versus the actual underlying asset values and there is no guarantee this relationship will resolve itself.

- *Fixed Income Risk*: A client's account may be invested in fixed income securities, directly or through ETFs. The credit quality rating of securities may be lowered if an issuer's financial condition deteriorates, and issuers may default on their interest and/or principal payments. Typically, a rise in interest rates causes a decline in the value of fixed income securities.

- *Foreign Investment Risk*: Foreign investing involves risks not typically associated with U.S. investments, including adverse fluctuations in foreign currency values, adverse political, social, and economic developments, less liquidity, greater volatility, less developed or less efficient trading markets, political instability and differing auditing and legal standards.

- *Key Personnel Risk*: The success of our strategies depends greatly on the investment skills of our principals and key personnel. Performance of a client's account could be adversely affected if, due to illness or other factors, the services of certain principals or key personnel were not available for any significant period of time.

- *Leverage Risk*: Leverage (borrowing) may be used in investment and trading, generally through purchasing inherently leveraged instruments, such as certain ETFs. The prices of leveraged instruments can be highly volatile, and investments in leveraged instruments may, under certain circumstances, result in losses that exceed the amounts invested. Borrowing magnifies the potential for losses and exposes the client to interest expense on money borrowed. Leveraged ETFs and derivatives will amplify losses because they are designed to produce returns that are a multiple of the equity index to which they are linked.

- *Leveraged ETF Risk*: ETFs may use leverage, which may amplify gains and losses. Most leveraged ETFs reset their leverage daily. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance of their underlying index or benchmark during the same period of time.

- *Market Risk*: Overall equity, fixed income and alternative securities market risks affect the value of a client's portfolio. Factors such as domestic or global economic growth, market conditions, interest rate levels and political events affect the securities markets.
- *Options Risk*: There are numerous risks associated with transactions in options on securities. A decision as to whether, when and how to write options and purchase options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events.
- *Small and Medium Capitalization Stock Risk*: A client may invest directly or through ETFs in companies of any size capitalization. The price of small or medium-capitalized company stocks may be subject to more abrupt or erratic market movements than larger, more established companies or the major market indices in general.

- *Turnover Risk*: A higher portfolio turnover may result in higher transactional and brokerage costs and could result in higher taxes when a client's investments are held in a taxable account.
- *U.S. Government Securities Risk*: Although U.S. government securities are considered among the safest investments, they are not guaranteed against price movements due

to changing interest rates. Obligations issued by some U.S. government agencies are backed by the U.S. Treasury, while others are backed solely by the ability of the agency to borrow from the U.S. Treasury or by the agency's own resources.

- *Strategy Risks*: The business of investing in securities is highly competitive and the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty.

- *Cyclical Analysis Risk*: Economic/business cycles may not be predictable and may have many fluctuations between periods of economic or market expansion and contraction. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

- *Management Risk*: The success of SWS's investment strategies depends to a great extent on the investment skills of SWS's principals and key personnel. Performance could be adversely affected if, due to illness or other factors, the services of certain principals or key personnel were not available for any significant period of time.

- *Private Fund Risk*. Client assets may be invested in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. Private investment vehicles are less liquid than other investments. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

Item 9 – Disciplinary History

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. SWS has no legal or disciplinary events to report.

Item 10 – Other Financial Industry Activities and Affiliations

We are obligated to disclose whether SWS or any of its officers or employees are involved in other financial industry activities, such as those of a broker-dealer, commodity pool operator or a futures commission merchant. We are also obligated to disclose if we receive compensation from other advisers for recommending or selecting those advisers for you.

Our investment adviser representatives are not registered with a broker-dealer, commodity pool operator or a futures commission merchant or an insurance company or agency.

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

Code of Ethics

We expect our investment adviser representatives to always act in your best interests, and to place your interests ahead of their own. We have adopted a Code of Ethics (the "Code") that sets forth the standard of business conduct expected from each member of our team.

The Code restricts trading in any security for which we believe we may be privy to material non-public information. It also places restrictions on trading by our managers and investment adviser representatives (which we refer to as "personal trading") to prevent any conflict of interest between personal trading and client trading. The Code limits gifts and entertainment, whether received or given, to avoid conflicts of interests. The Code causes all outside business activities of our team members to be disclosed so that potential conflicts can be detected and addressed. Finally, it limits the political contributions of our managers and investment adviser representatives to prevent any potential conflicts in that area as well. All our managers, investment adviser representatives and employees must accept in writing the terms of the Code upon employment, annually, and as amended.

We will provide a copy of the Code to any client or prospective client upon request. If you would like a copy, please contact our Chief Compliance Officer at the telephone number or the address specified on the cover page of this brochure.

Participation or Interest in Client Transactions and Personal Trading

The strategies we use to manage client accounts are also used to manage accounts maintained by SWS, its managers, investment adviser representatives and employees. As a result, we (or our managers, investment adviser representatives and employees) may (i) invest in the same securities or related securities (for example, warrants, options, or futures)that we recommend to our clients, or, in some cases, follow investment strategies or invest in securities that are different from those recommended to clients; (ii) buy or sell securities for our own accounts at the same time that we recommend, buy or sell the same securities for client accounts; or (iii) include buy or sell orders in an aggregated transaction along with client buy or sell orders. To address any potential conflicts of interest from this practice, we may not trade in a manner that would be adverse or detrimental to client trades, and we always allocate partially filled orders to client accounts before allocating to our accounts.

We do not buy or sell for your account securities in which SWS or its managers, investment adviser representatives and employees have a material financial interest.

Item 12 – Brokerage Practices

Factors Used to Select Broker-Dealers for Client Transactions

Custodian Recommendations

SWS will generally recommend that clients establish brokerage accounts with either Charles Schwab & Co., Inc. and/or Interactive Brokers, LLC, to maintain custody of clients' assets and to effect trades for their accounts. Although SWS may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. SWS is independently owned and operated and not affiliated with custodians. For SWS client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

SWS considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances, and subject to approval by SWS, SWS will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by SWS will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

How We Select Brokers/Custodians to Recommend

SWS seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services

- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

Client's Custody and Brokerage Costs

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian's accounts. The custodian's commission rates applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates paid are lower than they would be if the firm had not made the commitment. In addition to commissions, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

Research and Other Soft Dollar Benefits

Subject to applicable law and regulation, SWS effects securities transactions with broker-dealers that provide brokerage or research services or pay for research services provided by third parties to us. These services are paid with soft dollar credits generated by our clients' brokerage commissions. These types of eligible transactions and benefits received are in accordance with Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)").

Under Section 28(e) of the Securities Exchange Act of 1934, SWS can pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of the brokerage and research services provided by or through the broker. When it does so, SWS has an incentive to select or recommend a broker-dealer based on its interest in receiving research or other products or services rather than in the clients' interest in receiving a better commission rate, and this presents a conflict of interest between SWS and its clients that we mitigate with our best execution policies and procedures.

SWS believes that it is important to its investment decision-making processes to have access to independent research. Research furnished by brokers (proprietary research) and research created or developed by other third parties can be used to service any or all of SWS's clients and is used in connection with accounts other than those making the payment to the broker providing the research, in accordance with Section 28(e). The receipt of these benefits means that SWS benefits because it does not have to produce or pay for these research services itself. Only brokerage commissions from certain but not all client accounts are used to pay for the research services furnished by brokers. SWS uses these research services to service all of its accounts and not just the accounts whose transactions paid for the research services. It is possible that the accounts whose transactions generate brokerage commissions that are used to pay some of SWS's research obligations do not benefit in any way from this specific research. SWS does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

Brokerage and research services provided by brokers falling within the Section 28(e) safe harbor during the current year and last fiscal year includes, but is not limited to, proprietary research and research created or developed by a third-party that provides information regarding the economy, industries, sectors of securities, individual companies, statistical information, technical market action, pricing and appraisal services, index data, risk-measurement analysis and performance analytics. Such research services are received primarily in the form of written reports, telephone contact and personal meetings with securities analysts or company management. In addition, such research services can be provided in the form of access to various data and access to investment-related conferences and seminars.

In some cases, research services are generated by third parties but are provided to SWS by or through brokers. SWS uses a variety of securities quotation hardware and software for day-to-day portfolio management of some or all of its accounts. Most of the services include additional statistics, analytical tools and news used solely for portfolio management purposes.

In certain instances, SWS receives products or services that are used both for research or brokerage services and also for other purposes, such as administrative support and marketing. In such instances, SWS makes a good-faith effort to determine the relative proportions of the products or services that should be considered to be eligible research or brokerage. This process poses a potential conflict of interest to us. The portion of the cost of such products or services attributable to eligible brokerage or research would be defrayed through brokerage commissions generated by our clients' transactions, while we pay the portion of the costs attributable to non-eligible products and services out of our own resources. We mitigate this potential conflict of interest through initial and periodic oversight of our mixed-use allocations by our Best Execution Committee to ensure they continue to be reasonable.

Our use of soft dollar arrangements in general also creates conflicts of interest between us and our clients as we have an incentive to disregard our best execution obligations when selecting brokers that provide us with soft dollar benefits. We manage this conflict of interest by entering into commission sharing arrangements ("CSAs") with brokers that we believe provide best execution. SWS has entered into these CSAs as a means to facilitate soft-dollar payments. CSAs enable SWS to pool commission dollars generated in trades with certain brokers to be aggregated and distributed to other brokers to pay for investment research. This allows SWS to compensate research providers who do not have brokerage operations where traditional soft dollars can be credited through trade execution or where, in support of SWS's policy to seek best execution, SWS's traders decide that a research provider's trading desk is not capable of providing best execution when compared to other broker-dealers.

Institutional Trading and Custody Services

The custodian provides SWS with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Other Products and Services

The custodians also makes available to SWS other products and services that benefit SWS but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of SWS's accounts, including accounts not maintained at custodian. The custodian may also make available to SWS software and other technology that:

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing, and other market data
- facilitate payment of SWS's fees from its clients' accounts
- assist with back-office functions, recordkeeping, and client reporting

The custodians may also offer other services intended to help SWS manage and further develop its business enterprise. These services may include:

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodians may also provide other benefits such as educational events or occasional business entertainment of SWS personnel. In evaluating whether to recommend that clients custody their assets at the custodian, SWS may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which creates a potential conflict of interest.

Independent Third Parties

The custodians may make available, arrange, and/or pay third-party vendors for the types of services rendered to SWS. The custodians may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to SWS.

Additional Compensation Received from Custodians

SWS may participate in institutional customer programs sponsored by broker-dealers or custodians. SWS may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between SWS's participation in such programs and the investment advice it gives to its clients, although SWS receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving SWS participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to SWS by third-party vendors

The custodians may also pay for business consulting and professional services received by SWS's related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals, and entertainment expenses for SWS's personnel to attend conferences). Some of the products and services made available by such custodians through its institutional customer programs may benefit SWS but may not benefit its client accounts. These products or services may assist SWS in managing and administering client accounts, including accounts not maintained at the custodians as applicable. Other services made available through the programs are intended to help SWS manage and further develop its business enterprise. The benefits received by SWS or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

SWS also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require SWS to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, SWS will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by SWS's related persons, and reimbursement of expenses (including travel, lodging, meals, and entertainment expenses for SWS's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, SWS endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by SWS or its related persons in and of itself creates a potential conflict of interest and may indirectly influence SWS's recommendation of broker-dealers such as Schwab and Interactive Brokers for custody and brokerage services.

The Firm's Interest in Custodial Services

The availability of these services from the custodians benefit the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services so long as a certain minimum of client assets is kept in accounts at the custodian. This minimum of client assets may give the firm an incentive to recommend that clients maintain their accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm.

Brokerage for Client Referrals

SWS does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

Directed Brokerage

SWS typically recommends Schwab or Interactive Brokers as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

Client-Directed Brokerage

Occasionally, clients may direct SWS to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage SWS derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. SWS loses the ability to aggregate trades with other SWS advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

Aggregating Securities Transactions for Client Accounts

Best Execution

SWS uses its best efforts to obtain the most favorable terms under the circumstances of each trade and, in doing so, considers best execution to encompass the most favorable overall cost or proceeds that can be reasonably obtained for a transaction under current circumstances surrounding the trade. SWS generally determines the broker with whom securities transactions are to be affected. In selecting brokers for a portfolio transaction, SWS considers, without limitation, the overall direct net economic results to an account. When executing client transactions with broker-dealers, SWS allocates client transactions to such broker-dealers for execution, in its good-faith judgment and in the best interest of the client, taking into consideration available prices and brokerage commission rates, as well as other relevant factors. Relevant factors include: (1) overall execution quality (general past performance under similar trading circumstances), (2) liquidity of the name and the liquidity that the broker is expected to be able to provide, (3) the broker's ability to minimize information leakage of SWS's orders to the marketplace, (4) responsiveness and promptness in providing executions and ability to maintain anonymity, (5) difficulty of the trade, (6) capital commitment of the broker to facilitate timely completion of the trade, (7) opportunity for price improvement, (8) commission rates, and (9) clearance and settlement capabilities of the broker."

In situations where a client has directed SWS to use particular broker-dealers, or where certain trades need to be handled separately from other orders ("Partial Discretion/Partial Directed Accounts" below), these trades could be delayed until the completion of other orders rather than being executed simultaneously. This is done to avoid multiple orders from SWS competing for execution in the marketplace at the same time. It also avoids any excessive market impact that could result if the market thought multiple broker-dealers were working orders. Partial Discretion/Partial Directed Accounts that do not allow SWS to trade away from their custodial bank's associated broker-dealer and those that are not able to participate in block trades are placed in a separate rotation so as to not disadvantage all other accounts.

Trade Aggregation and Allocation

SWS may aggregate orders for the same securities purchased for a number of client accounts. Trade aggregation is performed to ensure, to the extent possible, optimal execution and consistent results across our client base. Accounts owned by the SWS or its managers, investment adviser representatives or employees may participate in aggregated orders; however, they will not be given preferential treatment. Occasionally, we may only partially fill an aggregated order. Under those circumstances and to the extent it makes practical sense, we allocate the order on a pro rata basis among the applicable client accounts and do not allocate to firm or employee accounts unless all client orders are fully filled. The allocation of the shares purchased is not based on account performance or the amount or structure of management fees. There may be instances when partially filled orders may adversely affect the size of the position or the price you pay or receive, as compared with the size of the position or price that you would have paid or received had no aggregation occurred. If a small number of shares were executed out of a larger order where there were many accounts involved in the initial order, it is often unrealistic to spread the small number of executed shares over all of the accounts. In such cases, the trader allocates the executions on a randomized basis so as not to unfairly favor one account over another.

Trade Sequence and Rotation

Trade sequence and rotation is an important principle in assuring all accounts are treated equitably over time. SWS has designed its trade sequence and rotation process to provide all clients with fair access to trading. SWS maintains trading groups for our clients' accounts to facilitate orderly execution of trades. The trading groups are generally defined by the level of trading discretion afforded to SWS by clients within such trading groups.

Third-party model sponsor relationships are included in the directed brokerage rotation. Buy and sell recommendations within a strategy model will be updated and communicated in the order determined in the rotation sequence. In such instances, these broker-directed accounts can trade at prices that are lower or higher than SWS's other client accounts. If there are limitations to the prompt execution of trades by the model sponsor/overlay manager, if the model sponsor/overlay manager does not, or is not able to, communicate the status of completed orders back to SWS, or if there are other restrictions that could disadvantage other directed accounts, changes to the model portfolio will be communicated after trades are placed or executed for SWS's other directed accounts. SWS does not exercise trading discretion over the model accounts as execution of the trades is the responsibility of the model sponsor.

SWS's trade sequence and rotation process may be amended, modified, or supplemented at any time at SWS's discretion without prior notice to clients.

IPOs and Secondary Offerings

From time to time, SWS may participate in an initial public offering ("IPO") or secondary offerings (together, "Public Offerings"). Generally, in the event that SWS receives an allocation for a Public Offering security, it is SWS's policy to allocate the securities proportionally among client portfolios based on asset value, eligibility status, and ability of the client's custodian bank to receive Public Offering shares, and suitability for the investment strategy being allocated to. Appropriateness for a specific investment strategy or strategies is determined by SWS based on a number of factors, including but not limited to, the investment strategy's objectives, existing securities in the investment strategy's portfolio, available cash and purchasing power, and portfolio investment restrictions. Certain wrap and dual contract client accounts are not eligible to participate in such Public Offerings because their custodian bank is not able to receive Public Offering shares.

At SWS's sole discretion, a small allocation of a Public Offering would be allocated to only one or a few client portfolios within a particular investment strategy if it is determined that allocation among all eligible accounts in the entire investment strategy would be inefficient or impossible. As such, while based on objective criteria, SWS's allocation of any specific Public Offering might not result in proportional allocation across all of its client portfolios. When this occurs, accounts that receive an allocation of Public Offering shares will have performance that differs, sometimes materially, from accounts that do not receive an allocation of Public Offering shares within the same investment strategy. SWS, however, has allocation policies and procedures in place that are reasonably designed to treat all client portfolios fairly and equitably over time and that avoid giving preference to any particular client or type of clients when allocating a Public Offering.

Trade Error Policy

The firm maintains policies and procedures for the disposition of trade errors. The firm's policy is as follows:

All trade errors must be reviewed and approved by an SWS Manager or the Chief Compliance Officer ("CCO") before a correction can be effected. It is the responsibility of the Managers and or CCO, once the correcting trade has been effected, to memorialize the details of the error and correction, and if necessary, to work with the applicable service provider (most likely the custodian) to determine fault and how the corrected trade is to be reflected or corrected in the client's account. Errors, irrespective of fault, will be absorbed either by the custodian or SWS. It is our goal that where applicable, the benefit of an error shall always go to the client. For example, if the firm failed to purchase a security for a client on a particular day and upon discovery of the error, the price of the stock was lower, the client would get the benefit of the lower price. There may be circumstances, for example, either for a buy or sell transaction where the firm may be required to provide the price on the day the security transaction was to be effected in order to accommodate tax selling, avoid violating regulatory requirements for same day substitutions, and related circumstances.

Item 13 – Review of Accounts

Our investment adviser representatives review client accounts quarterly and may reposition assets to bring the actual allocations closer to the chosen strategy's target allocations unless the client has requested otherwise. Account transactions are reviewed on an ongoing basis to ensure consistency with client objectives and restrictions, if any. Significant market or client-specific events may cause us to review an account on a more frequent basis. Our investment adviser representatives meet with clients in-person, by telephone or via webcasts on an agreed-upon basis, but on at least an annual basis. Clients are encouraged to notify SWS of any changes in their financial situation, needs or investment objectives, or the suitability of the investment strategy developed for them.

Clients receive transaction confirmation notices and regular summary account statements directly from the Financial Institution holding their accounts. SWS also provides clients with periodic reports. These written reports generally contain account holdings, investment results and other data relevant to your account. We urge clients to carefully review these reports and compare the statements received from the Financial Institution with the reports that we provide. The information in our reports may vary from the Financial Institution's statements based on accounting procedures, reporting dates or the valuation methodologies of certain securities.

Item 14 – Client Referrals and Other Compensation

We engage independent promoters to provide client referrals. If a client is referred to us by a promoter, the practice is disclosed to the client by the promoter and we pay the promoter a portion of the advisory fees earned for managing the capital of the client that was referred.

The use of promoters is strictly regulated by the SEC Rule 206(4) -1 of the Investment Advisers Act of 1940.

Our promoters are independent of and unaffiliated with our firm and its employees. We will not charge clients referred through a promoter and fees or costs higher than our standard fee schedule offered to our clients.

Item 15 – Custody

We are considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). As a result of having standing authority, we have implemented procedures designed to comply with the SEC's February 21, 2017, No Action Letter to the Investment Adviser Association in lieu of attaining a surprise verification examination.
- The firm or its affiliate is a managing member or general partner to a private fund vehicle. The firm complies with the custody rule by engaging an independent public accountant to conduct an annual surprise examination of client funds and securities in the private fund.

Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account. Private fund investors will receive fund level statements of all activity, cash balances, and portfolio holdings on a quarterly basis from their qualified custodian.

Item 16 – Investment Discretion

Our investment advisory agreements give us discretionary authority to manage the assets in clients' accounts, including the ability to purchase, sell and exchange securities and other instruments, and reinvest all proceeds. However, we observe reasonable investment limitations and restrictions that you provide to us in writing, provided that we determine in our sole discretion that such limitations and restrictions are consistent with the strategy we are using for your account.

Item 17 – Voting Client Securities

Unless we agree in writing to do so, we do not accept authority to vote client securities. Proxy materials generally will be received by you directly or forwarded to you by your Financial Institution. We encourage you to contact your Financial Institution if you have questions related to proxy materials.

We do not advise or act on your behalf in legal proceedings involving companies whose securities are held in your account, including, but not limited to, the filing of class action settlement claim forms. You may, however, direct us to transmit copies of these forms to you or a third party. If you do, we will attempt to forward such forms in a timely manner.

Item 18 – Financial Information

In certain circumstances, registered investment advisers are required to provide clients or prospective clients with financial information or disclosures about their financial condition.

SWS has never been the subject of any bankruptcy proceedings.