



## **Affinity Wealth Management LLC**

### **Form ADV Part 2A – Disclosure Brochure**

**Effective: September 21, 2018**

This Form ADV Part 2A ("Disclosure Brochure") provides information about the qualifications and business practices of Affinity Wealth Management LLC ("AWM" or the "Advisor"). If you have any questions about the contents of this Disclosure Brochure, please contact us at (302) 652-6767 or by email at [valexitch@affinitywealth.com](mailto:valexitch@affinitywealth.com).

AWM is a registered investment advisor with the U.S. Securities and Exchange Commission. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about AWM to assist you in determining whether to retain the Advisor.

Additional information about AWM and its advisory persons are available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD# 290735.

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## Item 2 – Material Changes

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Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about advisory personnel of AWM.

AWM believes that communication and transparency are the foundation of its relationship with Clients and will continually strive to provide its Clients with complete and accurate information at all times. AWM encourages all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

### Material Changes

AWM is a newly formed registered investment advisor. This is the initial filing of the Disclosure Brochure.

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD# 290735. You may also request a copy of this Disclosure Brochure at any time, by contacting us at (302) 652-6767 or by email at [valexitch@affinitywealth.com](mailto:valexitch@affinitywealth.com).

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## **Item 4 – Advisory Services**

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### **A. Firm Information**

Affinity Wealth Management LLC (“AWM” or the “Advisor”) is a registered investment advisor with the SEC, which is organized as a Limited Liability Company (LLC) under the laws of the State of Delaware. AWM was founded in October 2017, and is owned and operated by James Hall (Chief Executive Officer), Michael Sicuranza, CFP® (President), Brendan McPoyle (Member) and Victoria Alexitch (Chief Operating Officer and Chief Compliance Officer). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by AWM.

### **B. Advisory Services Offered**

AWM offers investment advisory services to individuals, high net worth individuals, trusts, estates, businesses, retirement plans (each referred to as a “Client”).

#### Investment Management Services

AWM provides customized investment advisory solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management and related advisory services. AWM works closely with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio strategy. AWM will either construct a portfolio or place assets in investment models, consisting diversified mutual funds, exchange-traded funds (“ETFs”), bonds, and/or individual stocks to achieve the Client’s investment goals. The Advisor may also utilize options contracts, CDs, Foreign Securities, REITs and other investments to meet the needs of its Clients. The Advisor may retain certain types of investments based on a Client’s legacy portfolio construction.

AWM’s investment strategy[ies] is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. AWM will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

AWM evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. AWM may recommend, on occasion, redistributing investment allocations to diversify the portfolio. AWM may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement. AWM may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client’s risk tolerance.

At no time will AWM accept or maintain custody of a Client’s funds or securities, except for authorized deduction of the Advisor’s fees. All Client assets will be managed within their designated brokerage account or pension account, pursuant to the Client investment advisory agreement. Please see Item 12.

#### Financial Planning Services

AWM will typically provide a variety of financial planning and consulting services to Clients, pursuant to a written financial planning agreement. Services are offered in several areas of a Client’s financial situation, depending on their goals, objectives and financial situation.

Generally, such financial planning services involve preparing a formal financial plan or rendering a specific financial consultation based on the Client’s financial goals and objectives. This planning or consulting may encompass one or more areas of need, including but not limited to, investment planning, retirement planning, personal savings, estate planning, cash flow analysis, education savings, insurance, and other areas of a Client’s financial situation.

A financial plan developed for or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs.

AWM may also refer Clients to an accountant, attorney or other specialists, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Plans or consultations are typically completed within six months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations may pose a conflict between the interests of the Advisor and the interests of the Client. For example, a recommendation to engage the Advisor for investment management services or to increase the level of investment assets with the Advisor would pose a conflict, as it would increase the advisory fees paid to the Advisor. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to effect the transaction through the Advisor.

#### Retirement Plan Advisory Services

AWM provides non-discretionary (under ERISA 3(21)) and discretionary (under ERISA 3(38)) retirement plan advisory services on behalf of the retirement plans (each a "Plan") and the company (the "Plan Sponsor"), pursuant to the terms of the retirement plan advisory agreement. The Advisor's retirement plan advisory services are designed to assist the Plan Sponsor in meeting its fiduciary obligations to the Plan. Each engagement is customized to the needs of the Plan and Plan Sponsor. Services generally include:

- Vendor Analysis
- Employee Enrollment and Education Tracking
- Investment Policy Statement ("IPS") Support
- Investment Management
- Performance Reports
- Ongoing Investment Recommendation and Assistance
- ERISA 404(c) Assistance

Retirement plan advisory services are provided by AWM serving in the capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), the Plan Sponsor is provided with a written description of AWM's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Advisor reasonably expects under the engagement.

#### **C. Client Account Management**

Prior to engaging AWM to provide investment advisory services, each Client is required to enter into one or more agreements with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Strategy – AWM, in connection with the Client, may develop a statement that summarizes the Client's investment goals and objectives along with the broad strategy[ies] to be employed to meet the objectives.
- Asset Allocation – AWM will develop a strategic asset allocation or place assets in appropriate model portfolios that are targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.
- Portfolio Construction and Model Portfolios – AWM will develop a custom portfolio for the Client or place assets in a model portfolio that is intended to meet the stated goals and objectives of the Client.

- Investment Management and Supervision – AWM will provide investment management and ongoing oversight of the Client's relationship's investment portfolio.

#### **D. Wrap Fee Programs**

AWM includes securities transaction fees together with its investment advisory fees. Including these fees into a single asset-based fee is considered a "Wrap Fee Program". The Advisor customizes its investment management services for its Clients. The Advisor sponsors the AWM Wrap Fee Program solely as a supplemental disclosure regarding the combination of fees. Depending on the level of trading required for the Client's account[s] in a particular year, the Client may pay more or less in total fees than if the Client paid its own transaction fees. Please see Appendix 1 –Wrap Fee Program Brochure, which is included as a supplement to this Disclosure Brochure.

#### **E. Assets Under Management**

As of April 26, 2018, AWM manages the following assets:

Assets Under Management	Assets
Discretionary Assets	\$447,321,408
Non-Discretionary Assets	2,663,830
<b>Total</b>	<b>\$449,985,238</b>

Clients may request more current information at any time by contacting the Advisor.

### **Item 5 – Fees and Compensation**

The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into a written agreement with the Advisor.

#### **A. Fees for Advisory Services**

##### Investment Management Services

Investment advisory fees are paid quarterly, in arrears, pursuant to the terms of the agreement. Investment advisory fees are based on the market value of assets under management at the end of the calendar quarter. Investment advisory fees range from 0.50% to 1.50% annually based on several factors, including: the complexity of the services to be provided, the level of assets to be managed, and the overall relationship with the Advisor. Relationships with multiple objectives, specific reporting requirements, portfolio restrictions and other complexities may be charged a higher fee.

The investment advisory fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with Advisor. All securities held in accounts managed by AWM will be independently valued by the designated Custodian. AWM will not have the authority or responsibility to value portfolio securities.

##### Financial Planning Services

AWM offers financial planning services either on an hourly basis or a fixed engagement fee. Hourly engagements are \$350 per hour. Fixed fee engagement fee range from \$250 to \$15,000 or based on the estimated amount of hours to complete the plan at the hourly rate. As part of the agreement, the Advisor may also be engaged for ongoing planning support payable through an annual retainer fee. Annual retainer fees are at a fixed annual rate of up to \$20,000 which will be based on the complexity of services, frequency of Client interactions and other factors. Fees may be negotiable based on the nature and complexity of the services to be provided and the overall relationship with the Advisor. An estimate for total hours and total costs will be provided to the Client prior to engaging for these services. The Advisor's fee is exclusive of, and in addition to, brokerage fees, transaction fees, and other related costs and expenses, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs.

#### Retirement Plan Advisory Services Fees

Fees for pension/retirement plan advisory services are charged an annual asset-based fee of up to 1.00%, payable at the end of each quarter. Fees may be negotiable depending on the size and complexity of the Plan.

### **B. Fee Billing**

#### Investment Management Services

Investment advisory fees are calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the respective quarter end date. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with AWM at the end of each quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting AWM to be paid directly from their account[s] held by the Custodian as part of the investment advisory agreement and separate account forms provided by the Custodian.

#### Financial Planning Services

Financial planning fees are invoiced by the Advisor and are due upon completion of the agreed upon deliverable[s]. Fees for ongoing financial planning services are invoiced quarterly, at the end of each calendar quarter, and are due upon receipt.

#### Retirement Plan Advisory Services Fees

Fees may be directly invoiced to the Plan Sponsor or deducted from the assets of the Plan, depending on the terms of the retirement plan advisory agreement.

### **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties in connection with investments made on behalf of the Client's account[s]. AWM includes securities transactions costs as part of its overall investment advisory fee through the AWM Wrap Fee Program. Securities transaction fees for Client-directed trades may be charged back to the Client. Please see Item 4.D. above as well as Appendix 1 – Wrap Fee Program Brochure.

In addition, all fees paid to AWM for investment advisory services or part of the AWM Wrap Fee Program are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client could invest in these products directly, without the services of AWM, but would not receive the services provided by AWM which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by AWM to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

### **D. Advance Payment of Fees and Termination**

#### Investment Management Services

AWM is compensated for its services at the end of the quarter after investment advisory services are rendered. Either party may terminate the investment advisory agreement by providing advance written notice to the other party. The Client may terminate the investment advisory agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Client's investment advisory agreement with the Advisor is non-transferable without the Client's prior approval.

#### Financial Planning Services



AWM offers financial planning services as defined project or a perpetual engagement. Financial planning agreements intended as perpetual will be ongoing in nature and continue until terminated by either party. Either party may terminate the financial planning agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the financial planning agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination of an hourly engagement, the Client shall be billed for actual hours logged on the planning project times the contractual hourly rate. Upon termination of a fixed project fee engagement, the Client shall be billed for the percentage of the engagement scope completed by the Advisor. For annual engagements, the Client shall be billed for the pro-rata period in the quarter for which services were rendered. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior consent.

#### Retirement Plan Advisory Services Fees

Either party may request to terminate their services with AWM in whole or in part, by providing advance notice to the other party. The Client shall be responsible for advisory fees up to and including the effective date of termination. The Client's retirement plan services agreement with the Advisor is non-transferable without the Client's prior consent.

### **E. Compensation for Sales of Securities**

Certain Advisory Persons are also registered representatives of MerCap Securities, LLC. ("MerCap"). MerCap is a registered broker-dealer (CRD No. 156607), member FINRA, SIPC. In one's separate capacity as a registered representative of MerCap, the Advisory Person may implement securities transactions under MerCap and not through AWM. In such instances, the Advisory Person will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by the Advisory Person in one's capacity as a registered representative is separate and in addition to the Advisor's fees. This practice presents a conflict of interest because the Advisory Person who is a registered representative has an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on the Client. Clients are not obligated to implement any recommendation provided by the Advisor nor Advisory Persons. Neither the Advisor nor Advisory Persons will earn ongoing investment advisory fees in connection with any products or services implemented in the Advisory Person's separate capacity as a registered representative. Please see "Item 10 – Other Financial Industry Activities and Affiliations".

Certain Advisory Persons are also licensed as independent insurance professionals. As an independent insurance professional, the Advisory Person may earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because the person providing investment advice on behalf of the Advisor who is also an insurance agent has an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any Advisory Person affiliated with the Advisor.

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

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AWM does not charge performance-based fees for its investment advisory services. The fees charged by AWM are as described in "Item 5 – Fees and Compensation" above and are not based upon the capital appreciation of the funds or securities held by any Client.

AWM does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

### **Item 7 – Types of Clients**

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AWM offers investment advisory services to individuals, high net worth individuals, trusts, estates and retirement plans. The percentage of each type of Client is available on AWM's Form ADV Part 1A. These percentages may

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change over time and are updated at least annually by the Advisor. AWM generally does not impose a minimum account size for establishing a relationship.

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

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### **A. Methods of Analysis**

AWM primarily employs a fundamental, technical, cyclical, and charting analysis methods in developing investment strategies for its Clients. Research and analysis from AWM 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 research prepared by others.

Fundamental analysis utilizes economic and business indicators as investment selection criteria. These criteria are generally ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in "Item 13 – Review of Accounts".

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that AWM will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company that AWM is recommending. The risks with cyclical analysis are similar to those of technical analysis.

Charting analysis utilizes various market indicators as investment selection criteria. These criteria are generally pricing trends that may indicate movement in the markets. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the technical and charting analysis may lose value and may have negative investment performance. The Advisor monitors these market indicators to determine if adjustments to strategic allocations are appropriate.

As noted above, AWM generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. AWM will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, AWM may also 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.

### **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. AWM will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis

may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in "Item 13 – Review of Accounts".

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with the potential speculative components of the Advisor's strategy:

#### Options Contracts

Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

#### Real Estate Investment Trusts ("REITs")

Investing in Real Estate Investment Trusts ("REITs") involves certain distinct risks in addition to those risks associated with investing in the real estate industry in general. Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of credit extended. REITs are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs, especially mortgage REITs, are also subject to interest rate risk (i.e., as interest rates rise, the value of the REIT may decline).

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.**

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

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**There are no legal, regulatory or disciplinary events involving AWM or any of its management persons.** AWM values the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider with whom you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching by our firm name or our CRD# 290735.

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

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#### Broker-Dealer Affiliation

As noted in Item 5, certain Advisory Persons are also a registered representative of MerCap Securities, LLC ("MerCap") a registered broker-dealer (CRD No. 156607), member FINRA, SIPC. In one's separate capacity as a registered representative, Advisory Persons will typically receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by Advisory Persons. Neither the Advisor nor Advisory Persons will earn ongoing investment advisory fees in connection with any services implemented in Advisory Persons' separate capacity as a registered representative.

#### Insurance Agency Affiliations

As noted in Item 5, certain Advisory Persons are also a licensed insurance professional. Implementations of insurance recommendations are separate and apart from one's role with AWM. As an insurance professional, Advisory Persons may receive customary commissions and other related revenues from the various insurance companies whose products are sold. Advisory Persons is not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This may cause a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by Advisory Persons or the Advisor.

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

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#### **A. Code of Ethics**

AWM has implemented a Code of Ethics (the "Code") that defines our fiduciary commitment to each Client. This Code applies to all persons associated with AWM (our "Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. AWM and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of AWM's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of our Code, please contact us at (302) 652-6767 or by email at [valexitch@affinitywealth.com](mailto:valexitch@affinitywealth.com).

#### **B. Personal Trading with Material Interest**

AWM allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. AWM does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. AWM does not have a material interest in any securities traded in Client accounts.

#### **C. Personal Trading in Same Securities as Clients**

AWM allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities we recommend (purchase or sell) to you presents a conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons may have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can potentially be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by AWM requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer ("CCO") or delegate. We have also adopted written policies and procedures to detect the misuse of material, non-public information.

#### **D. Personal Trading at Same Time as Client**

While AWM allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterwards. **At no time will AWM, or any Supervised Person of AWM, transact in any security to the detriment of any Client.**

### **Item 12 – Brokerage Practices**

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#### **A. Recommendation of Custodian[s]**

AWM does not have discretionary authority to select the broker-dealer/custodian for custodial and execution services. The Client will select the broker-dealer or custodian (herein the "Custodian") to safeguard Client assets and authorize AWM to direct trades to this Custodian as agreed in the investment advisory agreement. Further,

AWM does not have the discretionary authority to negotiate commissions on behalf of our Clients on a trade-by-trade basis.

Where AWM does not exercise discretion over the selection of the Custodian, it may recommend the Custodian[s] to Clients for execution and/or custodial services. Clients are not obligated to use the recommended Custodian and will not incur any extra fee or cost associated with using a broker not recommended by AWM.

AWM may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and location of the Custodian's offices.

The Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services, which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

Following are additional details regarding the brokerage practices of the Advisor:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. AWM participates in a Soft Dollar relationship with TD Ameritrade, where they can obtain additional benefits such as access to research, back office support, and other technology platforms by allocating a portion of AWM's trading activity to TD Ameritrade. While AWM uses these services and benefits, Clients may directly or indirectly receive these additional benefits.

In addition, the Advisor could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

The Advisor's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), the Advisor will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described below, that the compensation to be paid to TD Ameritrade is reasonable in relation to the value of all the brokerage and research products and services provided by TD Ameritrade. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transactions may be greater than the amounts another broker-dealer who did not provide research services or products might charge. Please see Item 14 for additional details.

**2. Brokerage Referrals** - AWM does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.

**3. Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where AWM will place trades within the established account[s] at the custodian designated by the Client. Further, all Client accounts are traded within their respective brokerage account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). In selecting the Custodian, AWM will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated Custodian.

## **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. AWM will execute its transactions through an unaffiliated broker-dealer selected by the Client. AWM may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts in the same trading day. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Client accounts.

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Securities in Client accounts are monitored on a regular and continuous basis Advisory Persons of AWM. Formal reviews are generally conducted at least annually or more or less frequently depending on the needs of the Client.

### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify AWM if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the trustee or Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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

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### **A. Compensation Received by AWM**

#### **Soft Dollar Relationship**

TD Ameritrade provides AWM with some non-cash benefits (not available to retail customers) in return for placing Client assets with them or executing trades through them. Such non-cash benefits are referred to as "Soft Dollars". Currently, these benefits come in the form of investment research and discounts for service providers. We may also receive such items as investment software, books and research reports. These products, services, or educational seminars are items that will play a role in determining how to invest Client accounts. If there is any item that has a multi-use aspect, mixed between investment and non-investment purposes, AWM will determine a reasonable allocation of investment to non-investment use and Soft Dollars will be allocated only to the investment portion of the product (and we will pay the remaining cost). AWM receives a benefit from these services, as otherwise we would be compiling the same research ourselves. This may cause a conflict of interest as we may want to place more Client accounts with a broker-dealer/custodian such as TD Ameritrade, solely because of these added benefits. As such, AWM may have an incentive to select or recommend a broker-dealer based on interests in receiving the research or other products or services, rather than on Clients' interest in receiving most favorable execution. AWM attempts to mitigate this potential conflict by performing regular reviews of execution services and value Clients receive to ensure Clients are receiving the best possible value for costs paid. However, the value to all of our Clients of these benefits is included in our evaluation of custodians. Products and services received via Soft Dollars will generally be used for the benefit of all Clients.



However, it is possible that a given Client's trades will generate Soft Dollars that acquire products and/or services that are not ultimately utilized for that same Client's account. Soft Dollars provide additional value, and are accordingly considered in determining which broker-dealer or custodian to utilize as part of our best execution analysis.

#### Participation in Institutional Advisor Platform

As disclosed under Item 12, above, the Advisor participates in TD Ameritrade's institutional customer program and the Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between the Advisor's participation in the program and the investment advice it gives to its Clients, although the Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits 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 the Advisor 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; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by the Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit the Advisor but may not benefit its Client accounts. These products or services may assist the Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help the Advisor manage and further develop its business enterprise. The benefits received by the Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, the Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

The Advisor also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include a financial allotment to pay for Orion, a portfolio reporting technology. TD Ameritrade provides the Additional Services to Advisor in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional Services. Advisor and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Advisor's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Advisor, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Advisor's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Advisor may have an incentive to recommend to its Clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Advisor's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

#### **B. Client Referrals from Solicitors**

##### TD Ameritrade AdvisorDirect

AWM participates in the institutional advisor program (the "Program") offered by TD Ameritrade. AWM may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. There is no direct link between AWM's participation in the program and the investment advice it gives to its clients, although

AWM receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. The benefits received by AWM, or its related persons, do not depend on the amount of brokerage transactions directed to TD Ameritrade. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, AWM may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with AWM and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise AWM and has no responsibility for AWM's management of client portfolios or AWM's other advice or services. AWM pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to AWM ("Solicitation Fee"). AWM will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by AWM from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired AWM on the recommendation of such referred client. AWM will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Potential conflicts of interest may arise from AWM's participation in AdvisorDirect. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, AWM may have an incentive to recommend to clients that the assets under management by AWM be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, AWM has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. AWM's participation in AdvisorDirect does not reduce or eliminate its fiduciary duty to obtain best execution when selecting brokers to execute securities transactions on behalf of Referred Clients.

AWM may also engage and compensate unaffiliated third party referral sources (a "solicitor") for Client referrals. Clients will not pay a higher fee to AWM as a result of such payments to a solicitor. The Advisor shall enter into an agreement with the solicitor, which requires that full disclosure of the compensation and other conflicts is provided to the prospective client prior to or at the time of entering into the advisory agreement.

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## **Item 15 – Custody**

AWM does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Advisor's fees. All Clients must place their assets with a qualified Custodian. Clients are required to engage the Custodian to retain their funds and securities and direct AWM to utilize that Custodian for the Client's security transactions. Clients should review statements provided by the Custodian and compare to any reports provided by AWM to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see "Item 12 - Brokerage Practices".

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## **Item 16 – Investment Discretion**

AWM generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by AWM. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment advisory agreement containing all applicable limitations to such authority. All discretionary trades made by AWM will be in accordance with each Client's investment objectives and goals.



### **Item 17 – Voting Client Securities**

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AWM does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

### **Item 18 – Financial Information**

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Neither AWM, nor its management, have any adverse financial situations that would reasonably impair the ability of AWM to meet all obligations to its Clients. Neither AWM, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. AWM is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect fees of \$1,200 or more for services to be performed six months or more in advance.



## **Affinity Wealth Management LLC**

### **Form ADV Part 2A – Appendix 1 ("Wrap Fee Brochure")**

**Effective:** September 21, 2018

This Form ADV2A - Appendix 1 ("Wrap Fee Brochure") provides information about the qualifications and business practices for Affinity Wealth Management LLC ("AWM" or the "Advisor") services when offering services pursuant to a wrap program. This Wrap Fee Brochure shall always be accompanied by the AWM Disclosure Brochure, which provides complete details on the business practices of the Advisor. If you did not receive the complete AWM Disclosure Brochure or you have any questions about the contents of this Wrap Fee Brochure or the AWM Disclosure Brochure, please contact us at (302) 652-6767 or by email at [valexitch@affinitywealth.com](mailto:valexitch@affinitywealth.com).

AWM is a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). The information in this Wrap Fee Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Wrap Fee Brochure provides information about AWM to assist you in determining whether to retain the Advisor.

Additional information about AWM and its advisory persons are available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD# 290735.

## Item 2 – Material Changes

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Form ADV 2 - Appendix 1 provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. In particular, this Wrap Fee Brochure discusses wrap fee programs offering by the Advisor.

### Material Changes

AWM is a newly formed registered investment advisor. This is the initial filing of the Disclosure Brochure.

### Future Changes

From time to time, we may amend this Wrap Fee Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Wrap Fee Brochure (along with the complete AWM Disclosure Brochure) or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of AWM.

At any time, you may view this Wrap Fee Brochure and the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD# 290735. You may also request a copy of this Disclosure Brochure at any time, by contacting us at (302) 652-6767 or by email at [valexitch@affinitywealth.com](mailto:valexitch@affinitywealth.com).

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## **Item 4 – Services Fees and Compensation**

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### **A. Services**

AWM provides customized investment advisory services for its Clients. This Wrap Fee Program Brochure is provided as a supplement to the AWM Disclosure Brochure (Form ADV 2A). This Wrap Fee Program Brochure is provided along with the complete Disclosure Brochure to provide full details of the business practices and fees when selecting AWM as your investment advisor.

As part of the investment advisory fees noted in Item 5 of the Disclosure Brochure, AWM includes normal securities transaction fees as part of the overall investment advisory fee. Securities regulations often refer to this combined fee structure as a “Wrap Fee Program”. The Advisor sponsors the AWM Wrap Fee Program.

The sole purpose of this Wrap Fee Program Brochure is to provide additional disclosure relating the combination of securities transaction fees into the single “bundled” investment advisory fee. This Wrap Fee Program Brochure references back to the AWM Disclosure Brochure in which this Wrap Fee Program Brochure serves as an Appendix. **Please see Item 4 – Advisory Services of the Disclosure Brochure for details on AWM’s investment philosophy and related services.**

### **B. Program Costs**

Advisory services provided by AWM are offered in a wrap fee structure whereby normal securities transaction costs are included in the overall investment advisory fee paid to AWM. As the level of trading in a Client’s account[s] may vary from year to year, the annual cost to the Client may be more or less than engaging for advisory services where the transactions costs are borne separately by the Client. The cost of the Wrap Fee Program varies depending on services to be provided to each Client, however, the Client is not charged more if there is higher trading activity in the Client’s account[s]. A Wrap Fee structure has a potential conflict of interest as the Advisor may have an incentive to limit the number of trades placed in the Client’s account[s]. **Please see Item 5 – Fees and Compensation of the Disclosure Brochure for complete details on fees.**

### **C. Fees**

Investment advisory fees are paid quarter, in arrears, pursuant to the terms of the agreement. Investment advisory fees are based on the market value of assets under management at the end of the calendar quarter. Investment advisory fees range up to 2.00% annually based on several factors, including: the complexity of the services to be provided, the level of assets to be managed, and the overall relationship with the Advisor. Relationships with multiple objectives, specific reporting requirements, portfolio restrictions and other complexities may be charged a higher fee.

The investment advisory fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the discretion of the Advisor. The Client’s fees will take into consideration the aggregate assets under management with Advisor. All securities held in accounts managed by AWM will be independently valued by the designated Custodian. AWM will not have the authority or responsibility to value portfolio securities.

As noted above, the Wrap Fee Program includes normal securities trading costs incurred in connection with the discretionary investment management services provided by AWM. Securities transaction fees for Client-directed trades may be charged back to the Client.

Clients may incur certain fees or charges imposed by third parties in connection with investments made on behalf of the Client’s account[s]. Under this Wrap Fee Program, AWM includes securities transactions costs as part of its overall investment advisory fee.

In addition, all fees paid to AWM for investment advisory services or part of the Wrap Fee Program are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund’s prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. The Client may also incur other costs

assessed by the Custodian or other parties for account related activity fees, such as wire transfer fees, fees for trades executed away from the Custodian and other fees. The Advisor does not control nor share in these fees. The Client should review both the fees charged by the fund[s] and the fees charged by AWM to fully understand the total fees to be paid. Please see Item 5.C. – Other Fees and Expenses in the Disclosure Brochure (included with this Wrap Fee Program Brochure).

#### **D. Compensation**

AWM is the sponsor and portfolio manager of this Wrap Fee Program. AWM receives investment advisory fees paid by Clients for participating in the Wrap Fee Program and pays the Custodian for the costs associated with the normal trading activity in the Client's account[s].

### **Item 5 – Account Requirements and Types of Clients**

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AWM offers investment advisory services to individuals, high net worth individuals, trusts, estates, charitable organizations, business. AWM generally does not impose a minimum account size for establishing a relationship. Please see Item 7 – Types of Clients in the Disclosure Brochure for additional information.

### **Item 6 – Portfolio Manager Selection and Evaluation**

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#### **Portfolio Manager Selection**

AWM serves as sponsor and as portfolio manager for the services under this Wrap Fee Program.

#### **Related Persons**

AWM personnel serve as portfolio managers for this Wrap Fee Program. AWM does not serve as a portfolio manager for any third-party wrap fee programs.

#### **Performance-Based Fees**

AWM does not charge performance-based fees.

#### **Supervised Persons**

AWM Advisory Persons serve as portfolio managers for all accounts, including the services described in this Wrap Fee Brochure. Details of the advisory services provided are included in Item 4.A. of the Disclosure Brochure.

#### **Methods of Analysis**

Please see Item 8 of the Disclosure Brochure (included with this Wrap Fee Brochure) for details on the research and analysis methods employed by the Advisor.

#### **Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. AWM will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account[s]. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to**

**discuss these risks with the Advisor. Please see Item 8.B. – Risk of Loss in the Disclosure Brochure for details on investment risks.**

#### **Proxy Voting**

AWM does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

### **Item 7 – Client Information Provided to Portfolio Managers**

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AWM is the sponsor and sole portfolio manager for the Program. The Advisor does not share Client information with other portfolio managers because it is the sole portfolio manager for this Wrap Fee Program. Please also see the AWM Privacy Policy (included after this Wrap Fee Program Brochure).

### **Item 8 – Client Contact with Portfolio Managers**

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AWM is a full-service investment management advisory firm. Clients always have direct access to the Portfolio Managers at AWM.

### **Item 9 – Additional Information**

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#### **A. Disciplinary Information and Other Financial Industry Activities and Affiliations**

AWM values the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider with whom you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD# 290735. Please see Item 9 of the AWM Disclosure Brochure as well as Item 3 of each Advisory Person's Brochure Supplement for additional information on how to research the background of the Advisor and its Advisory Persons.

#### Other Financial Activities and Affiliations

Please see Items 10 and 14 of the Form ADV Part 2A – Disclosure Brochure (included with this Wrap Fee Brochure).

#### **B. Code of Ethics, Review of Accounts, Client Referrals, and Financial Information**

AWM has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons subject to AWM's compliance program (our "Supervised Persons"). Complete details on the AWM Code of Ethics can be found under Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading in the Disclosure Brochure (included with this Wrap Fee Program Brochure).

#### Review of Accounts

Investments in Client accounts are monitored on a regular and continuous basis by Advisory Persons of AWM under the supervision of the Chief Compliance Officer ("CCO"). Details of the review policies and practices are provided in Item 13 of the Form ADV Part 2A – Disclosure Brochure.

#### Other Compensation

#### Soft Dollar Relationship

TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade provides AWM with some non-cash benefits (not available to retail customers) in return for placing Client assets with them or executing trades through them. Such non-cash benefits are referred to as "Soft Dollars". Currently, these benefits come in the form of investment research and discounts for service providers. We may also receive such items as investment software, books and research reports. These products, services, or educational seminars are items that will play a role in determining how to invest Client accounts. If there is any item that has a multi-use aspect, mixed

between investment and non-investment purposes, AWM will determine a reasonable allocation of investment to non-investment use and Soft Dollars will be allocated only to the investment portion of the product (and we will pay the remaining cost). AWM receives a benefit from these services, as otherwise we would be compiling the same research ourselves. This may cause a conflict of interest as we may want to place more Client accounts with a broker-dealer/custodian such as TD Ameritrade, solely because of these added benefits. As such, AWM may have an incentive to select or recommend a broker-dealer based on interests in receiving the research or other products or services, rather than on Clients' interest in receiving most favorable execution. AWM attempts to mitigate this potential conflict by performing regular reviews of execution services and value Clients receive to ensure Clients are receiving the best possible value for costs paid. However, the value to all of our Clients of these benefits is included in our evaluation of custodians. Products and services received via Soft Dollars will generally be used for the benefit of all Clients. However, it is possible that a given Client's trades will generate Soft Dollars that acquire products and/or services that are not ultimately utilized for that same Client's account. Soft Dollars provide additional value, and are accordingly considered in determining which broker-dealer or custodian to utilize as part of our best execution analysis.

#### Participation in Institutional Advisor Platform

As disclosed under Item 12, above, the Advisor participates in TD Ameritrade's institutional customer program and the Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between the Advisor's participation in the program and the investment advice it gives to its Clients, although the Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits 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 the Advisor 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; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by the Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit the Advisor but may not benefit its Client accounts. These products or services may assist the Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help the Advisor manage and further develop its business enterprise. The benefits received by the Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, the Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

The Advisor also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include a financial allotment to pay for Orion, a portfolio reporting technology. TD Ameritrade provides the Additional Services to Advisor in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional Services. Advisor and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Advisor's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Advisor, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Advisor's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Advisor may have an incentive to recommend to its Clients that the assets under management by Advisor be held in custody with



TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Advisor's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

Please see Item 14 – Other Compensation in the Form ADV Part 2A – Disclosure Brochure (included with this Wrap Fee Brochure) for details on additional compensation that may be received by AWM or its Advisory Persons. Each Advisory Person's Brochure Supplement provides details on any outside business activities and the associated compensation.

#### TD Ameritrade AdvisorDirect

AWM participates in the institutional advisor program (the "Program") offered by TD Ameritrade. AWM may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. There is no direct link between AWM's participation in the program and the investment advice it gives to its clients, although AWM receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. The benefits received by AWM, or its related persons, do not depend on the amount of brokerage transactions directed to TD Ameritrade. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, AWM may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with AWM and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise AWM and has no responsibility for AWM's management of client portfolios or AWM's other advice or services. AWM pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to AWM ("Solicitation Fee"). AWM will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by AWM from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired AWM on the recommendation of such referred client. AWM will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Potential conflicts of interest may arise from AWM's participation in AdvisorDirect. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, AWM may have an incentive to recommend to clients that the assets under management by AWM be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, AWM has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. AWM's participation in AdvisorDirect does not reduce or eliminate its fiduciary duty to obtain best execution when selecting brokers to execute securities transactions on behalf of Referred Clients.

#### Client Referrals from Solicitors

AWM may engage and compensate unaffiliated third party referral sources (a "solicitor") for Client referrals. Clients will not pay a higher fee to AWM as a result of such payments to a solicitor. The Advisor shall enter into an agreement with the solicitor, which requires that full disclosure of the compensation and other conflicts is provided to the prospective client prior to or at the time of entering into the advisory agreement.

#### Financial Information

Neither AWM, nor its management has any adverse financial situations that would reasonably impair the ability of AWM to meet all obligations to its Clients. Neither AWM, nor any of its Advisory Persons, has been subject to a bankruptcy or financial compromise. AWM is not required to deliver a balance sheet along with this Disclosure

Brochure, as the firm does not collect advance fees of \$1,200 or more for services to be performed six months or more in advance. Please see Item 18 of the Form ADV Part 2A – Disclosure Brochure.

## Privacy Policy

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Effective: November 29, 2017

### Our Commitment to You

Affinity Wealth Management LLC ("AWM" or the "Advisor") is committed to safeguarding the use of personal information of our Clients (also referred to as "you" and "your") that we obtain as your Investment Advisor, as described here in our Privacy Policy ("Policy").

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. AWM (also referred to as "we", "our" and "us") protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you.

AWM does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Policy.

### Why you need to know?

Registered Investment Advisors ("RIAs") must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

### What information do we collect from you?

Driver's license number	Date of birth
Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number(s)	Income and expenses
E-mail address(es)	Investment activity
Account information (including other institutions)	Investment experience and goals

### What Information do we collect from other sources?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

### How do we protect your information?

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect Client's personal information.

We require third parties that assist in providing our services to you to protect the personal information they receive from us.

### How do we share your information?

An RIA shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
<b>Servicing our Clients</b> We may share non-public personal information with non-affiliated third parties (such as administrators, brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting.	Yes	No
<b>Marketing Purposes</b> AWM does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where AWM or the client has a formal agreement with the financial institution. <b>We will only share information for purposes of servicing your accounts, not for marketing purposes.</b>	No	Not Shared
<b>Authorized Users</b> Your non-public personal information may be disclosed to you and persons that we believe to be your authorized agent(s) or representative(s).	Yes	Yes
<b>Information About Former Clients</b> AWM does not disclose and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our Clients.	No	Not Shared

### Changes to our Privacy Policy

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise this Policy, and will provide you with a revised policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

### Any Questions?

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (302) 652-6767 or by email at [valexitch@affinitywealth.com](mailto:valexitch@affinitywealth.com).