

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

**Item 1 – Cover Page**

**Global Wealth Management Investment Advisory, Inc.**

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Date of Disclosure Brochure: August 22, 2017

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This disclosure brochure provides information about the qualifications and business practices of Global Wealth Management Investment Advisory, Inc. (also referred to as “we”, “us”, the “Firm” and “GWMIA” throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact John Thomas at 866-405-1031. The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about GWMIA is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm’s information on this website by searching for Retirement Financial Solutions, LLC, GWMIA or our firm’s CRD number 286005.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Investment advisers are required to prepare a disclosure document such as this one, commonly referred to as a “Brochure,” that describes the adviser and its business practices. GWMIA is required to update our Brochure at least annually and provide clients and prospective clients with a summary of any material changes since the previous annual amendment.

In the future, this Item will be reserved for discussion of the specific material changes made to the Brochure since the last annual update.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm’s fiscal year ends. Our firm’s fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

This disclosure brochure is dated August 22, 2017. The following are the material changes since our initial disclosure brochure dated June 5, 2017:

- We have updated our ADV to indicate we are now managing over \$100 million in client assets. For more information, please see Item 4.
- We have updated Item 10 to indicate that our advisers may be registered representatives of Madison Avenue Securities, LLC, a securities broker-dealer. Our advisers are no longer registered representatives of GF Investment Services, LLC.

This item will discuss only specific material changes that are made to the disclosure brochure and provide readers with a summary of such changes. We will also reference the date of the last annual update of this disclosure brochure.

We will deliver a complete copy of our Brochure upon your request at any time during the year.

Please contact our Chief Compliance Officer John Thomas at 866-405-1031 or via email at [john@askglobalwealth.com](mailto:john@askglobalwealth.com), to request a brochure.

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## **Item 4 – Advisory Business**

Global Wealth Management Investment Advisory, Inc. is an SEC-registered investment adviser located in Fort Lauderdale, Florida. The firm is a corporation (Inc.) formed under the laws of the State of Florida.

- Andrew Costa is the sole owner of Global Wealth Management Investment Advisory, Inc.
- Global Wealth Management Investment Advisory, Inc filed its initial application to become registered as an investment adviser in March 2017.

### **Introduction**

The investment advisory services of GWMIA are provided to you through appropriately licensed and qualified individuals who is an investment adviser representative of GWMIA (referred to as your investment adviser representative throughout this brochure).

### **Description of Advisory Services**

The following are descriptions of the primary advisory services of GWMIA. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and GWMIA before we can provide you the services described below.

**Asset Management Services** – GWMIA offers asset management services, which involves GWMIA providing you with continuous and ongoing supervision over your specified Accounts.

You must appoint our firm as your investment adviser of record on specified Accounts (collectively, the “Account”). The Account consists only of separate Account(s) held by National Financial Services as qualified custodian through the Fidelity Institutional Wealth Program (collectively referred to as Fidelity) under your name. Fidelity, as qualified custodian, maintains physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account on a discretionary or non-discretionary basis as agreed upon with you.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your Accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal Accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own Accounts.

Conflicts may arise in the allocation of investment opportunities among Accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your Account(s) and other Accounts advised by our firm among such Accounts equitably and consistent with the best interests of all Accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

GWMIA may provide recommendations to the client to utilize one or more specific sub-adviser(s) (individually "Sub-Adviser" and collectively "Sub-Advisers") such as Global Financial Private Capital, LLC to manage the Account or a portion of the assets of the Account. When a Sub-Adviser is selected, the Sub-Adviser will have discretionary authority on your Account to place trades and make changes to the Account or the portion of your Account the Sub-Adviser is authorized to manage.

GWMIA will conduct due diligence of any recommended Sub-Adviser and monitor the performance of Sub-Adviser with respect to the Sub-Advisor's management of the designated assets of Account relative to appropriate peers and/or benchmarks. Although GWMIA reviews the performance of numerous third-party investment adviser firms, GWMIA enters into only a select number of relationships with third-party investment adviser firms that have agreed to pay us a portion of the overall fee charged to our clients. Therefore, GWMIA has a conflict of interest in that it will only recommend third-party investment advisers that have a sub-advisory relationship with GWMIA. Clients are advised that there may be other third-party managed programs not recommended by the Firm, that are suitable for the client and that may be more or less costly than arrangements recommended by the Firm.

GWMIA will be available to answer questions client may have regarding any portion of client's Account managed by a Sub-Adviser and will act as the communication conduit between the client and the Sub-Adviser. The recommendation of Sub-Advisers and investments may be done on a discretionary or non-discretionary basis with the specific terms outlined in your Advisory Agreement. When a client authorizes GWMIA to have the ability to select Sub-Advisers and investments on a discretionary basis, GWMIA will have the authority to select and terminate Sub-Advisers and also the ability to purchase and sell investments on behalf of the client without the client's specific approval.

A complete description of the Sub-Adviser's services, practices and fees will be disclosed in the Sub-Adviser's Form ADV Part 2A that will be provided to the client.

**Financial Planning Services** – GWMIA offers financial consulting services, which can cover specific or multiple topics. We provide "holistic" financial plan consultations, which typically address the following topics:

- Investment Planning
- Retirement Planning
- Risk Management
- Estate Planning;
- Insurance Planning
- College/Education Planning
- Asset Allocation
- Cash Flow Analysis and Budgeting
- Healthcare

When providing financial planning services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives.

**Workshops** - GWMIA offers educational workshops throughout the year covering a variety of topics, including Cash Flow/Income Strategies, Taxes, Annuities, IRAs, Retirement Income Planning and more. Workshops are always offered on an impersonal basis and do not focus on the individual needs of the participants.

### **Limits Advice to Certain Types of Investments**

GWMIA may provide investment advice on the following types of investments:

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Exchange-listed Securities
- Securities Traded Over-the-Counter
- Foreign Issues
- Warrants
- Corporate Debt Securities
- Commercial Paper
- Certificates of Deposit
- Municipal Securities
- Variable Annuities
- Variable Life Insurance
- US Government Securities
- Options Contracts on Securities
- Options Contracts on Commodities
- Futures Contracts on Tangibles
- Futures Contracts on Intangibles
- Interests in Partnerships Investing in Real Estate
- Interests in Partnerships Investing in Oil and Gas Interests
- Securities Properly Exempted from Registration
- Hedge Funds
- Non-Traded Real Estate Investment Trusts (REITs)

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### **Tailor Advisory Services to Individual Needs of Clients**

GWMIA advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose reasonable restrictions on the Accounts we manage for you, including specific investment selections and sectors. Our financial planning services are always provided based on your individual needs. When providing

financial planning services, we work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

When managing client Accounts through our firm's Asset Management Services program, we may manage a client's Account in accordance with one or more investment models. When client Accounts are managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates.

#### **Client Assets Managed by GWMIA**

As of August 3, 2017, GWMIA manages \$110,731,434 on a discretionary basis.

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

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and GWMIA.

#### **Fees for Asset Management Services**

Fees charged for our asset management services are charged based on a percentage of assets under management. Fees are either billed in advance (at the start of the billing period) on a quarterly calendar basis or billed in arrears (at the end of the billing period) on a monthly calendar basis, depending on the sub-adviser who is managing the account.

Fees billed in advanced are calculated based on the fair market value of your Account as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your Account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of a billing period, the prorated fee for the initial billing period is billed in arrears at the same time as the next full billing period's fee is billed.

Fees billed in arrears are calculated based on the average daily balance of the account for the preceding calendar month. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. Under the average daily balance method, each day's balance for the month is summed then divided by the number of days in the month, to compute the average daily balance. The average daily balance is then multiplied by the monthly portion of the annual fee to determine the monthly fee due.

The GWMIA services continue in effect until terminated. You may terminate the services by providing GWMIA with notice. GWMIA may terminate the services by providing you with written notice effective 30 days after you receive the written notice. Any prepaid, unearned fees will be promptly refunded by GWMIA to you. Fee refunds will be determined on a pro rata basis using the number of days services are actually provided during the final period.

Fees charged for our asset management services are negotiable based on the investment adviser representative providing the services, the type of client, the complexity of the client's situation, the composition of the client's Account (i.e., equities versus mutual funds), the potential for additional Account deposits, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client. Client will be charged an annual fee ranging between .30% to 2.0%. All fees are negotiable.

There is no minimum Account size required to open an Account with GWMIA.

GWMIA may elect to use a sub-adviser to manage all or part of the assets of client. Fees for such sub-advisers will be paid by GWMIA and client will not be charged additionally for their services. Sub-advisers generally have account minimum requirements that will vary. Account minimums are generally higher on fixed income accounts than for equity based accounts. GWMIA does not charge additional management fees for third-party managed or sub-advised account services.

Generally speaking, the use of sub-advisers causes GWMIA to incur expenses it would not otherwise incur if the client's account was managed directly by GWMIA. If the costs of directly providing such management were not considered, this could incentivize GWMIA not to retain sub-advisers, which would create a conflict of interest. However, GWMIA considers the totality of services provided by sub-advisers and the total costs to the client in deciding whether to retain sub-advisers.

If Global Financial Private Capital, LLC manages a client's account for less than .5%, GWMIA will retain the difference in the total management fee paid to GWMIA and the sub-advisory fee. This creates an incentive for GWMIA to recommend that clients invest in sub-advisory programs that charge the client a lower fee, which is a conflict of interest. GWMIA manages this conflict of interest by reviewing all recommendations for clients to invest in those programs that charge lower sub-advisory fees, to assure that such recommendations are suitable and in the client's best interest.

A complete description of the sub-adviser's or third-party money manager's services, fee schedules and account minimums will be disclosed in that adviser's disclosure brochure, which will be provided to you prior to or at the time an agreement for services is executed and the account is established.

GWMIA believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

The investment advisory fees will be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account. You will authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to our firm. The quarterly performance report will include the billing statement and will detail the formula used to calculate the fee, the assets under management and the time period covered. See *Item 15 – Custody* for more details.

You should review your Account statements received from Fidelity or other qualified custodian and verify that appropriate investment advisory fees are being deducted. Fidelity or other qualified custodian will not verify the accuracy of the investment advisory fees deducted.

Brokerage commissions and/or transaction ticket fees charged by Fidelity or other qualified custodian are billed directly to you. GWMIA does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than GWMIA in connection with investments made through your Account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA



and qualified retirement plan fees, and charges imposed by the qualified custodian of your Account. Management fees charged by GWMIA are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

### **Fees for Financial Planning Services**

We offer financial planning services in the form of financial plans that can be either full or modular. Our initial consultation is free of charge. If you decide to engage us for financial planning services, we enter into a Financial Planning Agreement disclosing the length of the relationship, the services to be provided and the terms of the advisory fee.

We develop a financial plan based on information and documentation provided by you. Information gathered includes, but is not limited to, your financial objectives, risk tolerance, financial resources, family situation and future financial goals. You are asked to provide documents necessary to perform the requested services, such as your tax returns, current retirement account statements, insurance information, etc. We rely on the information provided by you. Therefore, it is very important that the information you provide is complete and accurate. Neither we nor our investment advisor representatives ("representatives") are responsible for verifying the information you supply. You are responsible for informing us of any material changes relating to your financial situation or personal information that could impact our analysis or recommendations relative to the services you request.

Included in your plan and/or as part of our discussion with you is an explanation of the risks involved with each recommended strategy and discussions about contingency options or alternative strategies. Although we strive to provide accurate estimates, we do not prepare tax returns and we are not licensed as an accounting firm. In addition, we are not licensed to practice law. You are urged to work closely with your attorney, accountant or other professionals regarding your financial and personal situation. We encourage you to confirm all estimates with your tax professional and seek licensed legal counsel for creating and implementing any legal documents. At your request, we may recommend local accountants and/or attorneys to assist you with these services. We do not receive any referral or other fee when providing these recommendations.

If you sign a Financial Planning Agreement with us for either full or modular financial planning services, fees are charged at either a fixed or hourly rate. Full services are usually charged a fixed fee ranging from \$500 and does not exceed \$10,000 and depends on the complexity of your situation and the additional advisory services provided to you. Modular services focus on specific areas of concern to you and are charged at an hourly fee ranging from \$300 - \$500 per hour. When billed hourly, we provide you with an estimate of the hours needed to complete the planning services. If more time is needed than the original estimate, we contact you for permission to continue with the additional work needed. You are charged for the actual hours expended on the requested plan. One-half of the fixed fee is due at the time the Financial Planning Agreement is signed with the remainder due upon presentation of the plan. Financial plans will be delivered to the client within six (6) months of the engagement. Hourly fees are due upon completion of the requested services. We provide you with a billing statement detailing the fees paid by and due from you.

GWMIA may also provide financial planning and consulting services to clients who are currently receiving asset management services from GWMIA for an asset management fee or if client is currently receiving asset management services from GWMIA for an asset management fee, GWMIA may waive the fee for financial planning or consulting services.

### **On-Going Services**

You can also contract for on-going financial planning services that continue for a one-year period unless terminated sooner by either of us. During this time, you can contact us concerning any topic of interest or concern to you, including a review and update of any previously prepared financial plan. In addition, we can help monitor the performance of our recommendations during this time. Fees for on-going financial planning services will range from \$500 - \$10,000 per year, billed quarterly in advance and due upon receipt of our billing statement. This minimum fee may be waived at the discretion of our representatives when they consider other advisory services provided by us. Fees are negotiable based upon the complexity of your situation and the requested and anticipated services provided during the engagement period.

### ***Termination of Services***

Financial planning services terminate upon presentation of the plan or completion of the consultations unless on-going services are contracted for. Either party can terminate services by providing written notice to the other party at least three days before the effective termination date. If the agreement is terminated within five business days of signing the Financial Planning Agreement, services are terminated without penalty and we refund all prepaid fees. After that, you are responsible for our time expended on the requested services, which is billed at \$300 per hour. If on-going services are terminated, unused fees are refunded to you on a prorated basis. We provide a billing statement to you detailing the fees charged, any refund due to you or any additional fee due from you.

### **Fees for Workshops**

All workshops held by GWMIA are completely complimentary. There is no cost to attend any of the seminars.

### **Other Fee Terms**

You should notify GWMIA within ten (10) days of receipt of an invoice if you have questions about or dispute any billing entry.

To the extent GWMIA engages an outside professional (i.e. attorney, independent investment adviser or Accountant) while providing financial planning services to you, GWMIA will be responsible for the payment of the fees for the services of such an outside professional, and you will not be required to reimburse GWMIA for such payments. To the extent that you personally engage such an outside professional, you will be responsible for the payment of the fees for the services of such an outside professional, and GWMIA will not be required to reimburse Client for such payments. Fees for the services of an outside professional (i.e. attorney, independent investment adviser or Accountant) will be in addition to and separate from the fees charged by GWMIA, and you will be responsible for the payment of the fees for the services of such an outside professional. In no event will the services of an outside professional be engaged without your express approval.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's Account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

## **Item 7 – Types of Clients**

GWMIA generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Charitable organizations
- Corporations or other businesses

You are required to execute a written agreement with GWMIA specifying the particular advisory services in order to establish a client arrangement with GWMIA.

### **Minimum Investment Amounts Required**

GWMIA does not require a minimum investment amount.

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

### **Methods of Analysis**

GWMIA uses the following methods of analysis in formulating investment advice:

Charting - This is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a

security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

Cyclical – This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

### **Investment Strategies**

GWMIA uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Frequent trading. This strategy refers to the practice of selling investments within 30 days of purchase.

Short sales. A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.

We primarily follow a value-investing strategy that attempts to acquire at reasonable valuations publicly traded businesses that can deliver sustainable excess returns. We focus on a long-only strategy. Long term strategies are designed to identify and select investments to be held for multiple years. We will also invest in value oriented special situations with shorter expected holding periods.

Value Investing can be described as a strategy of selecting stocks that trade for less than their intrinsic values. Value investors typically seek stocks of companies that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated. Often, value investors select stocks with lower-than-average price-to-book or price-to-earnings ratios and/or high dividend yields. The risks associated with value-investing include incorrectly analyzing and overestimating the intrinsic value of a business, concentration risk, under performance relative to major benchmarks, macro-economic risks, investing in value traps i.e. businesses that remain perpetually undervalued, and lost purchasing power on cash holdings in the case of inflation.

Margin transactions. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Fifth Avenue Wealth Advisors.

Option writing including cover options, uncovered options or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

Tactical asset allocation. Allows for a range of percentages in each asset class (such as Stocks = 40-50%). The ranges establish minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

Strategic asset allocation. Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

### **Primarily Recommend One Type of Security**

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client's specific circumstances and needs.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

## **Item 9 – Disciplinary Information**

*Item 9* is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

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

GWMIA is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an Accountant or Accounting firm, a lawyer or law firm, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

### **Registered Representative of a Broker-Dealer**

Our representatives may also be registered representatives of Madison Avenue Securities, LLC, a securities broker-dealer. You may work with your investment adviser representative in his or her separate capacity as a registered representative of Madison Avenue Securities, LLC.

As a result of this relationship, Madison Avenue Securities, LLC may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about clients of GWMIA, even if a client does not establish any Account through Madison Avenue Securities, LLC. If you would like a copy of the privacy policy of Madison Avenue Securities, LLC, please contact your investment adviser representative.

When acting in his or her separate capacity as a registered representative, your investment adviser representative may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you. As such, your investment adviser representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage Account in addition to or in lieu of a fee-based investment-advisory Account. This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use Madison Avenue Securities, LLC and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use Madison Avenue Securities, LLC. Prior to effecting any such transactions, you are required to enter into a new Account agreement with Madison Avenue Securities, LLC. The commissions charged by Madison Avenue Securities, LLC may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

### **Dually Registered as Investment Adviser Representatives**

The representatives of GWMIA are also licensed as investment adviser representatives with Global Financial Private Capital, LLC, an SEC-registered investment advisor firm. However, they do not establish new advisory agreements in their capacity as investment adviser representatives of Global Financial Private Capital.

Some of their Global Financial Private Capital advisory clients will continue to utilize Global Financial Private Capital as a sub-adviser through GWMIA Asset Management Services program.

It is anticipated that the investment advisor representatives will terminate their investment adviser representative status with Global Financial Private Capital once the client transition process is concluded and all clients have executed an agreement with GWMIA.

### **Sub-Advisers**

As described in *Item 4 – Advisory Business* and *Item 5 – Fees and Compensation*, GWMIA has formed relationships with independent, investment advisers to serve as sub-advisers through our Asset Management Services. Please refer to the previous disclosures in Item 4 and Item 5 regarding our use of sub-advisers and model managers.

### **Insurance Agents**

Andrew Costa and Grant Conness own a state-licensed affiliated insurance agency, Global Wealth Management Retirement Planning, LLC (GWRP). GWRP is licensed to offer and sell insurance products in the state of Florida. Many of these insurance products are sold through separate and distinct vendors. As an insurance agency, GWRP will receive separate, yet customary compensation for insurance product sales. Acting in dual capacities (insurance agency and financial advisor) and receiving compensation as such creates a conflict of interest in that representatives of GWMIA may recommend purchasing insurance products based on compensation received rather than on the needs of the client. We manage this conflict of interest by ensuring our representatives review suitability of advisory clients for insurance recommendations prior to making any such recommendations and fully disclosing to a client when a particular transaction will result in the receipt of commissions or other associated fees. Insurance products may be available through other channels and as a client you are not obligated to purchase products recommended by our representatives.

You may work with your investment adviser representative in his or her separate capacity as an insurance agent. When acting in his or her separate capacity as an insurance agent, the investment adviser representative may sell, for commissions, general disability insurance, life insurance, annuities, and other insurance products to you. As such, your investment adviser representative in his or her separate capacity as an insurance agent may suggest that you implement recommendations of GWMIA by purchasing disability insurance, life insurance, annuities, or other insurance products.

This receipt of commissions creates an incentive for the representative to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as an insurance agent. Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative.

GWMIA may utilize the services of Advisors Excel, a third-party insurance marketing organization ("IMO") to select the appropriate product. The IMO may also offer special incentive compensation while our investment adviser representatives act in their separate capacity as insurance agents, if they meet certain overall sales goals by placing annuities and/or other insurance products through the IMO. A client could perceive that the receipt of commissions and additional incentive compensation itself creates a conflict of interest and may affect our independent judgment. However, this conflict is mitigated by the fact that we have a fiduciary responsibility to place the best interest of the client first and clients are not



required to purchase any insurance products through us in our separate capacity as insurance agents. The purpose of the IMO is to assist us to find the insurance company that best fits the client's situation.

Advisors Excel provides affiliate members such as our firm with marketing assistance and business development tools to acquire new clients, technology with the goal of improving the client experience and our firm's efficiency, back office and operations support to assist in the processing of our insurance (through Advisors Excel) services for clients, and business succession planning for our firm. Although some of these services may directly benefit a client, other services obtained by us from Advisors Excel such as marketing assistance and business development may not benefit an existing client.

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

### **Code of Ethics Summary**

An investment adviser is considered a fiduciary and has a fiduciary duty to all clients. GWMIA has established a Code of Ethics to comply with the requirements of the securities laws and regulations that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. GWMIA's Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. GWMIA requires its supervised persons to consistently act in your best interest in all advisory activities. GWMIA imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of GWMIA. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

GWMIA or supervised persons of the firm may buy or sell for their personal accounts, investments identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of GWMIA that all persons supervised in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. As is required by our internal procedures manual, GWMIA and its supervised persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, supervised persons). Any supervised person not observing our policies is subject to sanctions up to and including termination.

## **Item 12 – Brokerage Practices**

Clients are under no obligation to act on the financial planning recommendations of GWMIA. If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions

considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

At least annually, we will review alternative custodians in the marketplace for comparison to the currently used custodian, evaluating criteria such as overall expertise, cost competitiveness, and financial condition. Quality of execution for custodians will be reviewed through trade journal evaluations.

Currently, we require the use of National Financial Services, LLC a Fidelity affiliated company and SEC-registered broker/dealer member FINRA/SIPC. This decision is based on our participation in the Fidelity Institutional Wealth Services program. Fidelity provides GWMIA with access to their institutional trading and custody services, typically not available to retail investors. The services from Fidelity include brokerage, 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.

Fidelity also makes available to GWMIA other products and services that we benefit from but may not benefit your Accounts. Some of these other products and services assist us in managing and administering client Accounts. These include software and other technology that:

- Provide access to client Account data (such as trade confirmation and Account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client Accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client Accounts
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or a substantial number of our Accounts. Fidelity also makes available other services intended to help us manage and further develop our business. These services may include:

- Consulting, publications and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance
- Marketing.

In addition, Fidelity may make available, arrange and/or pay for these types of services rendered to GWMIA by independent third-parties providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our requirement that you maintain your assets in Accounts at Fidelity may be based in part on the benefit to us of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity. This creates a potential conflict of interest.

You are under no obligation to act on our recommendations. You may select a broker/dealer or Account custodian other than Fidelity, although in this case we cannot assist you with asset management services.

### **Directed Brokerage**

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, GWMIA may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian. However, for compliance and operational efficiencies, GWMIA has decided to require our clients to use broker/dealers and other qualified custodians determined by GWMIA. You are under no obligation to act on our recommendations. You may select a broker/dealer or account custodian other than those we use, although in this case we cannot assist you with asset management services.

### **Block Trading Policy**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when GWMIA believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client Accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

GWMIA uses the average price allocation method for transaction allocation.

Under this procedure GWMIA will calculate the average price and transaction charges for each transaction included in a block order and assign the average price and transaction charge to each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which GWMIA or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation as a result of block trades.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Managed Accounts are reviewed at least semi-annually. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by your investment adviser representative with reviews performed in accordance with your investment goals and objectives.

Our On-Going Financial Planning Services include monitoring the investments of your Account(s), and therefore, there is ongoing review of your Account(s) under such services.

## **Statements and Reports**

For our asset management services, you are provided with transaction confirmation notices and regular quarterly Account statements in writing directly from the qualified custodian. Additionally, the Sub-Adviser may provide position or performance reports to you quarterly and upon request.

Financial planning clients do not receive any report other than the written plan originally contracted for and provided by GWMIA, unless you are using our Asset Management Services also.

You are encouraged to always compare any reports or statements provided by us or a Sub-Adviser against the Account statements delivered from the qualified custodian. When you have questions about your Account statement, you should contact our firm and the qualified custodian preparing the statement.

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

GWMIA does not directly or indirectly compensate any person for client referrals.

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5* of this Disclosure Brochure. GWMIA receives no other forms of compensation in connection with providing investment advice.

*Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.*

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

GWMIA is deemed to have custody of client funds and securities whenever GWMIA is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody GWMIA will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which GWMIA is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from GWMIA. When clients have questions about their account statements, they should contact GWMIA or the qualified custodian preparing the statement.

### **Item 16 – Investment Discretion**

When providing asset management services, GWMIA maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. However, it

is the policy of GWMIA to consult with you prior to making significant changes in the Account even when discretionary trading authority is granted.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your Account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your Accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to GWMIA so long as the limitations are specifically set forth or included as an attachment to the client agreement.

The recommendation of Sub-Advisers may be done on a discretionary or non-discretionary basis with the specific terms outlined in your Advisory Agreement. When a client authorizes GWMIA to have the ability to select Sub-Advisers and investments on a discretionary basis, GWMIA will have the authority to select and terminate Sub-Advisers and also the ability to purchase and sell investments on behalf of the client without the client's specific approval.

Sub-Advisers selected to manage your account will have discretionary authority (in the sole discretion of the Sub-Adviser without first consulting you) to make all decisions to buy, sell or hold securities, cash or other investments for such portion of the Account managed by the Sub-Adviser. The Sub-Adviser will have power and authority to carry out these decisions by giving instructions, on behalf of the client, to brokers and dealers and the qualified custodian(s) of the Account.

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

GWMIA does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided.

With respect to assets managed by a Sub-Adviser, we will not vote the proxies associated with these assets. You will need to refer to each Sub-Adviser's disclosure brochure to determine whether the Sub-Adviser will vote proxies on your behalf. You may request a complete copy of the Sub-Adviser's proxy voting policies and procedures as well as information on how your proxies were voted by contacting the Sub-Adviser or by contacting GWMIA at the address or phone number indicated on Page 1 of this disclosure document.

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

This *Item 18* is not applicable to this brochure. GWMIA does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, GWMIA has not been the subject of a bankruptcy petition at any time.