

Item 1: Cover Page  
Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure  
March 2020

Blue Chip Wealth Management Inc.  
Wrap Program

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This brochure provides information about the qualifications and business practices of Blue Chip Wealth Management, Inc. If clients have any questions about the contents of this brochure, please contact us by at (786) 707-4944. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Additional information about Blue Chip Wealth Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of Blue Chip Wealth Management, Inc. and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of Blue Chip Wealth Management, Inc. and our employees.

## Item 2: Material Changes

Blue Chip Wealth Management, Inc. is required to make clients aware of information that has changed since the last annual update to the Wrap Fee Program Brochure ("Wrap Brochure") that may be important to them.

Since our last annual amendment filing on 3/27/2020, we have no material changes to report.

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## Item 4: Services, Fees & Compensation

Blue Chip manages assets for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. As a fiduciary it is our duty to always act in the client's best interest. This is accomplished in part by knowing the client. Blue Chip has established a service-oriented advisory practice with open lines of communication. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

Our wrap fee program allows clients to pay a single fee for investment advisory services and associated custodial transaction costs. Because Blue Chip absorbs client transaction fees, an incentive exists to limit trading activities in client accounts. Custodial transaction costs, however, are not included in the advisory fee charged by Blue Chip for non-wrap services, and are to be paid by the client to their chosen custodian. Depending on the client's account or portfolio trading activity, clients may pay more for using our wrap fee services than they would for using our non-wrap services.

### **Our Wrap Advisory Services**

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#### **Wrap Asset Management:**

As part of our Wrap Asset Management service, a portfolio is created, consisting of individual stocks, bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Portfolios will be designed to meet a particular investment goal, determined to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client's individual needs, stated goals and objectives.

When appropriate, our firm utilizes the services of outside managers to aid in the implementation of an investment portfolio designed by our firm. Before selecting a firm or individual, our firm will ensure that the chosen party is properly licensed or registered. Fees for third party managers will be determined in a separate agreement with the manager and in addition to our fees disclosed below.

Our annualized fees of up to 2.50% are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. For accounts opened during the quarter, the first billing cycle will include a pro-rata portion of the first quarter in arrears and the first full quarter in advance. Fees are negotiable and will be deducted from client account(s). In rare cases, Blue Chip will agree to direct bill clients.

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting Blue Chip to be directly paid by these terms. Blue Chip will send an invoice directly to the custodian.

#### **Other Types of Fees & Expenses:**

The fees not included in the advisory fee for our wrap services are custodial transaction fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-

downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions.

### **Wrap Fee Program Recommendations**

Blue Chip only manages asset through its Wrap Fee Programs and does not recommend or offer the wrap program services of other providers.

## **Item 5: Account Requirements & Types of Clients**

Blue Chip does not impose requirements for opening and maintaining accounts or otherwise engaging us.

Blue Chip has the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Professional Athletes;
- Pension and Profit Sharing Plans;
- Corporations, Limited Liability Companies and/or Other Business Types.

## **Item 6: Portfolio Manager Selection & Evaluation**

### **Selection of Portfolio Managers**

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Blue Chip utilizes in-house portfolio managers. When appropriate, Blue Chip utilizes the services of outside managers to aid in the implementation of an investment portfolio designed by Blue Chip. Before selecting a firm or individual, Blue Chip will ensure that the chosen party is properly licensed or registered. In-house accounts are managed by licensed investment adviser representatives ("IAR"s) of our firm. Prior to becoming licensed with our firm, each IAR's industry experience, licensure, outside business activities, client complaints (if any), disciplinary or regulatory history (if any) and financial well-being will be reviewed. Each IAR will then have a Form U4 and ADV Part 2B on file with our firm. Outside portfolio managers, either individually or firm-wide, are selected based on past performance, investment philosophy, market outlook, experience of associated portfolio managers and executive team, disciplinary, legal and regulatory histories of the firm and its associates, and/or whether compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, and/or anti-money laundering.

Performance returns of wrap portfolios are reviewed at least quarterly. The nature of these reviews is to learn whether client accounts are in line with their investment objectives and appropriately positioned based on market conditions. If these standards fall below the client objectives, Blue Chip will determine if any proactive action to realign the investment strategy is required.

### **Advisory Business**

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Information about our wrap fee services can be found in Item 4 of this brochure. Blue Chip offers individualized investment advice to our Wrap Asset Management clients.

Each Wrap Asset Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

### **Participation in Wrap Fee Programs**

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Our firm only offers wrap fee accounts to our clients, which are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

### **Performance-Based Fees & Side-By-Side Management**

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Our firm does not charge performance-based fees.

### **Methods of Analysis, Investment Strategies & Risk of Loss**

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The following methods of analysis are utilized by Blue Chip when formulating investment advice and/or managing client assets:

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

**Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis:** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Asset Allocation:** We not only focus on securities selection, we also attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis:** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

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

**Outside Money Manager Analysis:** We examine the experience, expertise, investment philosophies, and past performance of independent money managers utilized by Blue Chip in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks. A risk of investing with an outside manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in an outside manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Risks for All Forms of Analysis:** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

The following investment strategies are used managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-Term Purchases:** When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. Typically, we employ this sub-strategy when we believe the securities to be well valued; and/or we want exposure to a particular asset class over time, regardless of the current projection for this class. The potential risks associated with this investment strategy involve a lower than expected return, for many years in a row. Lower-than-expected returns that last for a long time and/or that are severe in nature would have the impact of dramatically lowering the ending value of your portfolio, and thus could significantly threaten your ability to meet financial goals.

**Short-Term Purchases:** When utilizing this strategy, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. The potential risk associated with this investment strategy is associated with the currency or exchange rate. Currency or exchange rate risk is a form of risk that arises from the change in price of one currency against another. The constant fluctuations in the foreign currency in which an investment is denominated vis-à-vis one's home currency may add risk to the value of a security.

Currency risk is greater for shorter term investments, which do not have time to level off like longer term foreign investments.

**Trading:** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings. Trading involves risk that may not be suitable for every investor, and may involve a high volume of trading activity. Each trade generates a commission and the total daily commission on such a high volume of trading can be considerable. Active trading accounts should be considered speculative in nature with the objective being to generate short-term profits. This activity may result in the loss of more than 100% of an investment.

**Margin Transactions:** We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings. Margin accounts and transactions are risky and not necessarily for every client. The potential risks associated with these transactions are (1) You can lose more funds than are deposited into the margin account; (2) the force sale of securities or other assets in your account; (3) the sale of securities or other assets without contacting you; and (4) you may not be entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.

**Fixed Income Portfolio Management Investment Strategies:**

We believe that a conservative, risk-averse approach to fixed income management will provide both steady incremental outperformance, and low relative volatility. The disciplined process we employ in an effort to realize this philosophy is generally grounded in four key decisions:

- Constraint of portfolio duration within a narrow range relative to the benchmark in order to limit exposure to market and interest rate risk.
- Strategic allocations to key sectors to add value relative to the benchmark.
- Proactive management of term structure to add value in different yield curve environments.
- Security selection based on rigorous credit and relative value analysis and broad diversification of nongovernment issuers.

Within our Fixed Income strategy, we use the following sub-strategies in managing client accounts, provided that such sub-strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

**Duration Constraints:** We adhere to a discipline of generally maintaining duration within a narrow band around benchmark duration in order to limit exposure to market risk. Our portfolio management team rebalances client portfolios to their current duration targets on a periodic basis. The risk of constraining duration is that the client may not participate fully in a large rally in bond prices.

**Sector Allocation:** We allocate client assets to various sectors of the fixed income market, including US Treasury obligations, federal agency securities, corporate notes, mortgage-backed securities and others, based on our quantitative and qualitative analysis in order to manage client exposure to a given sector and to provide exposure to sectors we believe have good value. The risk of sector allocation is that clients may not participate fully in an increase in value in any specific sector.



**Security Selection:** The ultimate decision to purchase or sell a security is based on the firm's evaluation of the current price for the security. The risk of security selection is that the methods of analysis employed will not provide accurate measurement of the risk association with each individual security.

**Please Note:** Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

### **Voting Client Securities**

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SEC Rule 206(4)-6 requires investment advisers who have voting authority with respect to securities held in their clients' accounts to monitor corporate actions and vote proxies in their clients' interests. We are required by the SEC to adopt written policies and procedures, make those policies and procedures available to clients, and retain certain records with respect to proxy votes cast. We consider proxy voting an important right of our clients as shareholders and believe that reasonable care and diligence must be taken to ensure that such rights are properly and timely exercised. Unless otherwise indicated by the client, our firm will vote proxies on your client's behalf.

1. Policy for voting proxies.

All proxies received by our firm will be processed through ProxyEdge and voting records retained electronically as well as records of accounts for securities our firm has voted are maintained. Based on our proxy voting guidelines outlined below, a determination of how our firm votes will be made if an inconsistency with clients' interests and Board recommendations becomes apparent. Proxies will generally be voted online.

2. Proxies voting guidelines.

Where voting authority exists, proxies are voted by our firm according to Board recommendations unless conflicts client financial goals and objectives. We abstain on motions to limit directors' liability. Material issues such as mergers, poison pills, social investing and miscellaneous shareholder proposals are dealt with on a case-by-case basis.

In cases where clients choose to vote against Board recommendation, we assist them in casting their vote. We recognize that under certain circumstances we may have a conflict of interest between us and our clients. Such circumstances may include, but are not limited to, situations where our firm or one or more of our affiliates, including officers, directors and employees, has or is seeking a client relationship with the issuer of the security that is the subject of the proxy vote. We shall periodically inform our employees that they are under an obligation to be aware of the potential for conflicts of interest on the part of our firm with respect to voting proxies on behalf of funds, both as a result of our employee's personal relationships and due to circumstances that may arise during the conduct of our business, and to bring conflicts of interest of which they become aware to the attention of the proxy manager. We shall not vote proxies relating to such issuers on behalf of client accounts until we have determined that the conflict of interest is not material or a method of resolving such conflict of interest has been agreed upon by our management team. A conflict of interest will be considered material to the extent that it is determined that such conflict has the potential to influence our decision-making in voting a proxy. Materiality determinations will be based upon an assessment of the particular facts and circumstances. If we determine that a conflict of interest is not material, we may vote proxies notwithstanding the existence of a conflict. If the conflict of interest is determined

to be material, the conflict shall be disclosed to our management team and we shall follow the instructions of the management team. We shall keep a record of all material decisions and report them to the management team on an annual basis.

Documentation relating to our proxy voting is maintained. Records will be maintained and preserved for five years from the end of the fiscal year during which the last entry was made on a record. Records of the following will be included in the files:

- A copy of each proxy statement that we receive, provided however that our firm may rely on obtaining a copy of proxy statements from the SEC's Edgar system for those proxy statements that are available.
- A record of each vote that we cast.
- A copy of any document we created that was material to making a decision how to vote proxies, or that memorializes that decision.
- A copy of each written client request for information on how we voted such client's proxies, and a copy of any written response to any client request for information on how we voted their proxies.

We do not pay for proxy voting services with soft dollars. Also, we do not charge an additional fee to vote proxies. Our proxy voting policies and procedures are completely described in this Item. Clients may contact our Chief Compliance Officer, Andy Kane by phone at (786) 707-4944 or email at [akane@bluechipwm.com](mailto:akane@bluechipwm.com) with any questions about the proxy voting process.

#### **Item 7: Client Information Provided to Portfolio Manager(s)**

Blue Chip communicates with your portfolio manager(s) on a regular basis as needed to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, Blue Chip will communicate such information as part of our regular investment management duties. Nevertheless, Blue Chip will also communicate information to your portfolio manager(s) when you ask us to, when market or economic conditions make it prudent to do so, etc.

#### **Item 8: Client Contact with Portfolio Manager(s)**

Any questions or concerns about the management of client portfolios shall be directed to our firm.

#### **Item 9: Additional Information**

##### **Disciplinary Information**

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There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

##### **Financial Industry Activities & Affiliations**

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Representatives of Blue Chip are registered representatives of Fortune Financial Services, Inc., member FINRA/SIPC, and licensed insurance agents. As a result of these transactions, they receive normal and customary commissions. A conflict of interest exists as these commissionable securities sales create an incentive to recommend products based on the compensation earned. To mitigate this potential conflict, Blue Chip will act in the client's best interest.

Representatives of Blue Chip are licensed real estate agents. As a result, they may receive customary fees associated with real estate transactions. These services are independent of our advisory services and are governed under a separate engagement agreement. Clients are under no obligation to utilize this service and will not be actively solicited.

### **Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

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As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Blue Chip requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of Blue Chip will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Blue Chip and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Blue Chip recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, Blue Chip also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, Blue Chip has established procedures for transactions effected by our representatives for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, Blue Chip has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Neither Blue Chip nor a related person recommends, buys or sells for client accounts, securities in which Blue Chip or a related person has a material financial interest without prior disclosure to the client.

Related persons of Blue Chip may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Likewise, related persons of Blue Chip buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day unless included in a block trade.

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

## **Review of Accounts**

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Our management personnel or financial advisors review accounts on at least an annual basis for our Wrap Asset Management clients. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable.

Blue Chip may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Blue Chip does not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when our Wrap Asset Management clients are contacted.

## **Other Compensation**

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Blue Chip does not receive compensation derived directly or indirectly other than disclosed in its Form ADV.

## **Client Referrals**

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Blue Chip does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to the firm.

## **Financial Information**

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Blue Chip has never been the subject of a bankruptcy proceeding. Blue Chip is not required to provide financial information in this Brochure because:

- Blue Chip does not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- Blue Chip does not take custody of client funds or securities.
- Blue Chip does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.