



***Item 1 Cover Page***

Name of Registered Investment Advisor	Fortune Wealth Management, LLC
Address	12222 Merit Drive, Suite 1050, Dallas TX 75251
Phone Number	(972) 716-8002
Website Address	<a href="http://www.fortunewealthmanagement.com">www.fortunewealthmanagement.com</a>
E-mail Address	<a href="mailto:sonja@fortunewealthmanagement.com">sonja@fortunewealthmanagement.com</a>
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This Form ADV Part 2A (Investment Advisor Brochure) gives information about the investment advisor and its business for the use of clients and prospective clients. If you have any questions about the contents of this brochure, please contact us using one of the methods listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about our firm is available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***Item 2 Material Changes***

There are no material changes since the last annual update done in March 2020.



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

Fortune Wealth Management, LLC (“FWM”) was established in 2011 by Sonja White, and she currently serves as President. Prior to forming FWM she served as President of Fortune Financial Services, LLC for twenty-one years. Sonja White, CLU®, ChFC® has been in the financial services industry since 1981.

FWM provides investment management services for clients who have investment accounts with various brokerage firms, mutual fund companies, insurance companies, and/or other custodians.

Investment management services are based on the individual needs of the client. We believe that every client is unique; that each client has different needs, desires, objectives, risk tolerance levels, education and experience. An initial interview and data gathering questionnaire is completed to determine the client's financial situation and investment objectives.

Clients have the opportunity to impose reasonable restrictions on the management of their account(s). Clients may leave standing instructions with the IAR to refrain from investing in particular securities or types of securities or to invest in limited amounts of those securities. Quarterly, the IAR will contact the client in writing requesting notification of any changes in the client's financial situation, investment objectives, or account restrictions. It is the client's responsibility to timely notify the IAR of changes.

FWM may also provide financial planning consistent with the individual client's financial and tax status and risk/reward objectives. Planning may be comprehensive or segmented and focus on investments, insurance, taxes and/or estate plans.

As of December 31, 2021, FWM had \$289,913,000 of assets under management of which \$287,909,432 were discretionary accounts.

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

Fortune Wealth Management, LLC fee schedule

Less than \$250,000	1.25%
\$250,000 to \$999,999	1.00%
\$1,000,000 to \$2,999,999	.80%
\$3,000,000 to \$5,999,999	.65%
\$6,000,000 to \$9,999,999	.55%
Over \$10,000,000	.50%



All of a client's assets under management with FWM are assessed at the same rate unless otherwise noted. Fees are negotiable. Financial planning and hourly advice are billed at \$250 per hour. However, asset management clients do not pay an hourly fee unless a financial plan is requested.

Asset management fees will be payable quarterly in arrears. In the event the agreement is executed at any time other than the first day of the current calendar quarter, fees will be assessed on a pro-rata basis.

Fees are deducted from the client's account at the custodian in accordance with the Investment Advisory Agreement. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

FWM's advisory fees are for advisory services only and do not include any transaction fees or additional fees which may be charged separately by the custodial firm. See the section entitled "Brokerage Practices" for more information.

Client's assets invested in shares of open or closed end mutual funds, exchange traded funds (ETFs), variable annuity subaccounts, or other investment companies may be charged additional internal fees and expenses. These fees and expenses are set forth in the investment company's respective prospectuses. Mutual funds recommended by FWM's advisory services will be the lowest cost institutional shares available.

For portfolio management, services will continue until either party terminates the agreement with written notice. The client may terminate the agreement within the first five (5) days following execution of the agreement without penalty. If termination occurs prior to the end of a calendar quarter, the client will be billed for fees due on a pro-rata basis.

Maximum FWM hourly fees for financial planning and investment consultation are \$250 per hour. Fees are payable at the time of the delivery of the plan or consultation. For financial planning and investment advice, the client may terminate the agreement at any time and pay a fee based on time and effort expended prior to termination. Stand-alone agreements for financial planning and investment consultation terminate upon delivery of the plan or services. FWM does not charge in advance for financial planning or investment consultation.

#### **General FWM Fee Disclosure**

Fees paid by clients in the various advisory programs and services of FWM may be more than the cost of purchasing the same services separately or similar services elsewhere.



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

FWM does not charge performance-based fees.

### ***Item 7 Types of Clients***

FWM provides advisory services to individuals, pension and profit-sharing plans and other ERISA accounts, trusts, estates and business entities.

FWM's recommended minimum investment amount for establishing and maintaining a Wealth Management account is \$250,000. Exceptions to this minimum may be granted or imposed at the discretion of the IAR.

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

FWM uses asset allocation strategies for portfolio management. We use risk tolerance questionnaires and other client input to develop a target portfolio for each client. The appropriate target portfolio may be chosen from our model portfolios or custom designed to meet the client's needs. We use portfolios that consist of carefully weighted combinations of mutual funds, ETFs, and individual securities. We can also manage sub-account funds within annuities if need be. We rebalance as needed to get the portfolio back to investment targets. Although we do not normally engage in market timing, we will occasionally overweight or underweight certain asset classes if we believe it is prudent to do so.

FWM employs the following methods of analyzing securities: Charting, Fundamental, Technical and Cyclical. Fundamental and Cyclical analysis deal with the examination of all the material factors of the security, the company, the industry in which the company operates, and the economy as well as seasonal and other factors. Technical analysis and Charting examine patterns of securities supply and demand as evidenced by market activity. The potential risks of using Fundamental/Cyclical analysis are that the IAR is utilizing historical information which, while useful, may not be an accurate predictor of future performance of a security. The potential risks of using Technical/Charting analysis include the quality of the information being utilized to support the analysis and lack of consideration of fundamental changes in the underlying company.

We analyze mutual funds, ETFs, stocks and variable annuities using independent third-party research reports and databases, information gathered from the fund providers, custodians, and various independent research providers.

FWM may use the following general investment strategies: long-term (held for more than a year), short-term (held less than a year), margin transactions, options, and, on extremely rare



occasions, short sales. Each type of investment strategy has unique risks associated with it. Both long-term and short-term investment strategies are susceptible to market volatility and inflation. Margin transactions are subject to maintenance margin requirements, and margin loans must be repaid regardless of the underlying value of the securities purchased. Investing in options contracts has several kinds of risks. An options holder risks the entire amount paid for the option. An options writer may be assigned the option at any time during which the option is exercisable. Losses in options contracts may be significant. Losses on short sales can theoretically be infinite if the price of the security sold increases prior to covering or closing the transaction.

There is no guarantee that the investment strategy selected for the client will result in the client's goals being met, nor is there any guarantee of profit or protection from loss. For those investments where prospectuses are available, clients should read the prospectuses in full.

By its nature, financial planning looks to the long-term. After the client's short-term cash needs and emergency fund are evaluated, investment and insurance strategies are designed to help the client achieve their financial goals. The quality of a financial plan is dependent upon the quality of the input provided by the client. If the client provides erroneous or incomplete information, the financial plan may produce inadequate or erroneous recommendations.

There are risks inherent in all financial decisions and transactions. FWM cannot guarantee the current or future performance of client accounts, or the success of any investment decision or strategy that FWM may use with client accounts.

**Investing in securities involves risk of loss that clients should be prepared to bear.**

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

FWM and its IARs do not have any disciplinary history.

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

IARs of the firm can be licensed with life, disability, and other insurance companies. Insurance products offered by these companies may be recommended. If clients purchase these products through us, we may receive a commission, thus a conflict of interest exists between our interests and those of advisory clients. The client is under no obligation to purchase products recommended, or to purchase products either through us or through these insurance companies. FWM's IARs receive less than 1% of their income from Insurance activities and spend less than 1% of their time on Insurance activities.

FWM may exercise agreements with other Registered Investment Advisors and recommend other Advisors to clients. In such instances, FWM and/or some of our IARs may receive a



portion of the account fee. In these instances, we will make available to the client a “Compensation Disclosure Statement” and the Investment Advisor Brochure for the other Advisor. The client is under no obligation to use the services of the other Advisor(s) recommended. FWM currently has no such agreements.

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

FWM maintains a Code of Ethics. The Code of Ethics sets forth standards of conduct expected of advisory personnel, requires compliance with the requirements of Section 204A-1 of the Investment Advisors Act of 1940 and addresses conflicts that arise from personal trading by advisory personnel. FWM’s Code of Ethics covers all individuals that are classified as “supervised persons.” All FWM owners and IARs are classified as supervised persons. FWM requires its supervised persons to consistently act in the FWM clients’ best interest in all advisory activities. FWM imposes certain requirements on supervised persons to ensure that they meet FWM’s fiduciary responsibilities to FWM clients. This standard of conduct requirement is higher than what is ordinarily required and encountered in business. Clients or prospective clients may request a copy of the Code of Ethics.

FWM’s supervised persons may buy, sell and hold securities for their personal accounts, which FWM may also recommend to clients, or buy and sell on a discretionary basis for clients. As these situations present a conflict of interest, it is the policy of FWM that no supervised person shall place their own interest ahead of the interest of FWM clients.

- No supervised person employed by FWM may buy or sell any security prior to a transaction being implemented for an advisory account.
- No supervised person employed by FWM may buy or sell securities for their personal accounts where their decision is derived from information obtained through their employment with FWM unless the information is also available to the investing public upon reasonable inquiry.
- FWM maintains a list of all securities holdings for all supervised persons, which is reviewed on a regular basis by a principal of FWM.

**Conflicts of Interest** – FWM must disclose any potential or actual conflicts of interest when dealing with clients. FWM addresses these conflicts through the following Compliance Oversight Policies:

- FWM Obligations -FWM and its IARs are subject to the following specific obligations when dealing with clients:
  - The duty to have a reasonable, independent basis for investment advice;
  - The duty to ensure that investment advice is suitable to meeting the client’s individual objectives, needs, and circumstances; and,
  - A duty to be loyal to clients.



This Code of Ethics response is only intended to provide clients and potential clients with a summary description of FWM's Code of Ethics. If current or potential clients want to review FWM's entire Code of Ethics, they may obtain a copy of it by calling FWM at (972) 716-8002, writing to FWM at 12222 Merit Drive, Suite 1050, Dallas TX 75251, or by e-mailing FWM at [sonja@fortunewealthmanagement.com](mailto:sonja@fortunewealthmanagement.com).

### ***Item 12 Brokerage Practices***

For custody of assets, the services of Raymond James Financial and/or Charles Schwab may be recommended. The selection is made based on the discount rates and execution services available to the client. Clients may pay transaction fees to a custodian for the purchase of some investments. Raymond James Financial, Charles Schwab, and other custodians provide clients with consolidated statements. FWM sometimes manages investments in existing accounts that a client has with another brokerage firm. Neither FWM nor its IARs are affiliated with Raymond James Financial, Charles Schwab, or other custodians.

### **Soft Dollar Arrangements**

FWM participates in a program with Raymond James where some technology and research costs are reimbursed. These products or services may assist FWM in managing and administering client accounts, including accounts not maintained at the recommended custodians. Other services made available by custodians are intended to help the Adviser manage and further develop its business enterprise. Clients should be aware that the receipt of economic benefits by FWM or its related persons in and of itself creates a conflict of interest and may influence the Adviser's recommendation of a particular custodian or brokerage firm for custody and brokerage services. Services provided to FWM by custodians and brokerage firms include:

- Duplicate client statements and confirmations
- Research related products and tools
- Consulting services
- Access to a trading desk servicing advisor participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to the Adviser by third party vendors.
- Discounted or free educational sessions or continuing education training
- Access to mutual fund, variable annuity, and/or broker/dealer firms for purposes of doing due diligence and research of those firms, including discounted or free travel expenses.





FWM understands its duty for best execution and considers all factors in making recommendations to clients. While FWM may not always obtain the lowest fee structure, FWM believes that the fees are reasonable in relation to the value of the brokerage and research services provided. The amount of assets that FWM places with a custodian affects not only the services provided to FWM but also the fees and costs that the custodians charge our clients. This causes us to recommend only a small number of custodians.

If a client has an account with a custodian other than a firm recommended by FWM, we may provide investment management services within the existing account. It is up to the client to negotiate the commission rate. The client may not be able to negotiate the most competitive rate, and as a result, the client may pay more than the rate available through the custodian used by FWM. In such cases, the client may not be able to participate in aggregated ("block") trades, which can help reduce the cost of execution. Where the client does not otherwise designate a custodian, FWM recommends custodians with competitive clearing rates.

While individual client advice is provided for each account, client trades may be executed as a block trade at any particular custodian. The Advisor will not aggregate a client's order if in a particular instance the Advisor believes that aggregation would cause the client's cost of execution to be increased. The custodian will be notified of the amount of each trade for each account. The Advisor and/or its IARs may participate in block trades with clients and may also participate on a pro-rata basis for partial fills but only if clients receive fair and equitable treatment.

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

FWM monitors the individual investments within client accounts and the asset allocation of portfolios on an ongoing basis. Portfolio performance is reviewed on a quarterly basis at a minimum. The account reviews are performed by the client's IAR.

All clients receive standard account statements from investment sponsors and custodians. Portfolio management clients receive a written quarterly performance report from FWM.

A financial plan is a snapshot in time and not an ongoing contract. We recommend that financial planning clients engage us to update their financial plan when any significant changes occur in their personal or financial situation.

Sonja White, the owner and Chief Compliance Officer (CCO) of FWM is responsible for supervising FWM advisory accounts and other advisory activities. The main reports and documents the CCO reviews to supervise/review these activities are Investor Profile Questionnaires, new account documents, trade tickets, confirmations, brokerage statements, performance reports, daily activity reports and planning documents.



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

FWM does not pay for or receive compensation for client referrals. All compensation received by FWM or its IARs has been described, as applicable, in the “Fees and Compensation” and “Other Financial Industry Activities and Affiliations and Brokerage Practices” sections. Please refer to those sections for further details regarding other types of compensation.

#### ***Item 15 Custody***

Clients may authorize fee deduction directly from the client’s account via the Investment Advisory Agreement. The custodian will deduct the fees from the client’s account and send them to FWM. FWM will not have authority to withdraw funds or to take custody of client funds or securities other than under the terms of the fee payment authorization in the Investment Advisory Agreement. Although FWM does not take custody of client assets, under some government regulations the fee deduction may be deemed custody. Your funds and securities will be physically maintained with a “qualified custodian” as required under Rule 206(4)-2 under the Investment Advisors Act of 1940.

Clients will receive account statements at least quarterly from the custodian. Clients are urged to compare custodial account statements against performance reports prepared by FWM for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends and other factors. The custodial statement is the official record of your account for tax and other purposes.

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

FWM has discretionary authority as to the securities and amount of securities that are traded in the client’s account(s) unless otherwise noted.

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

FWM will not exercise proxy-voting authority over the securities held in client accounts where FWM provides Portfolio Management services. The obligation to vote client proxies shall at all times rest with the clients. However, clients may contact FWM for advice or information about a particular proxy vote. FWM shall not be deemed to have proxy-voting authority solely as a result of providing such advice to a client. Should FWM inadvertently receive proxy information for a security held in account, such information shall be immediately forwarded to client.



***Item 18 Financial Information***

FWM has no financial information to report, since FWM does not maintain custody of client accounts other than direct fee deduction. FWM does not solicit payments of \$500 or more per client six (6) months or more in advance for services. FWM has no financial condition that would impair its ability to meet contractual commitments. FWM has had no bankruptcies.