



# AFFINITY WEALTH

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**ADV Part 2A Brochure**  
Date of Brochure: 3/29/2024

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The purpose of this brochure is to describe the services provided, qualifications & business practices offered by Affinity Wealth, LLC. Affinity Wealth (AW) is a State of Ohio registered investment advisor. If you have any questions about the contents of this brochure, please contact us at (330) 526-8412 or by email at: [info@TAGplanning.com](mailto:info@TAGplanning.com). 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 Affinity Wealth LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Affinity Wealth LLC's CRD number is: 285169.

*Registration does not imply a certain level of skill or training.*

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## Item 2 – Material Changes

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Since our last annual update was filed in 10/2023, material changes made to this brochure include:

Item 1: Cover page

- Updated our company logo.

Item 3: Table of Contents

- Adjusted the table of contents to accommodate for more content and added page numbers.

Item 4: Advisory Business

- Added new service for business-owners, “Outsourced CFO Services”.
- Modified descriptions of “Total Wealth Management Relationship”
- Added greater detail regarding “Total Wealth Management Relationship.”
- Under our “investment advisory agreement” we eliminated “*Selection of other Advisors and Third-Party Asset Management Services*” section as Brinker Capital was our only TPAM relationship.
- named “pension consulting services” to “retirement plan consulting services”.
- Added greater detail in the description of retirement plan consulting services”.
- Updated Assets Under Advisement as of March 29th 2024.

Item 5: Fees and Compensation

- Updated section A: Total Wealth Management Relationship cost
- Updated C: Fee’s for Retirement Plan Services has been updated.

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

- Updated definitions in “Risks of Specific Securities Utilized” to include additional investments being utilized.

Item 10: Other Financial Industry Activities and Affiliations

- Reformatted for improved readability.

Item 12: Brokerage Practices

- This section was modified to remove references to Brinker Capital, with whom we longer work with.

Item 16: Investment discretion

- This section was modified to remove references to Brinker Capital, with whom we longer work with.

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## Item 3: Table of Contents

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## Item 4: Advisory Business

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### **A. Description of Advisory Firm**

Affinity Wealth LLC (hereinafter “AW”) is a registered investment advisor based in Canton Ohio and is currently a State of Ohio registered RIA.

Scott A. Lowe is the firm’s owner and founded Affinity Wealth in October of 2016. “The Affinity Group” is the marketing name that the firm operates under and includes both the firms RIA “Affinity Wealth” and its independent insurance agency “Affinity Insurance Strategies”. The Affinity Group was founded as an independent wealth management firm in March of 2009.

As used in the brochure, the words, “we,” “our,” and “us” refer to AW, and the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm. In addition, you will see the term Supervised Person throughout this brochure. As used in this brochure, our Supervised Persons are our firm’s officers, employees and all individuals providing investment advice on behalf of our firm.

### **B. Types of Advisory Services**

#### **“Total Wealth Management Relationship”**

A Total Wealth Management engagement with our firm is a monthly retainer relationship where clients engage AW to provide ongoing advice in any or all the selected areas below:

- Financial GPS Website (eMoney)
- Spring Total Wealth Review Meeting
- Fall Total Wealth Review Meeting
- Retirement Planning
- Insurance Portfolio Analysis: Home/Automobile/liability/Life insurance/Disability/Long-term care insurance.
- Investment Portfolio Analysis
- Cash-flow planning
- Tax-planning
- Tax preparation
- Estate Planning Analysis
- Bank Loan & Mortgage Analysis and Recommendations
- Real Estate Investment feedback and Analysis
- Social Security/Medicare planning
- Held away 401k/Investment Management
- College planning/loan advice
- Credit Card/Revolving debt advice
- Goal Projections and Simulations

At a minimum, TWM clients will receive a Fall Total Wealth Review meeting in October/November, most clients also opt to receive a Spring Total Wealth Review as well. These review meetings are “senior wealth advisor” led, and cover areas specific to that clients TWM engagement with our firm. The client receives a two to three page

hand-written personalized “Summary of Recommendations”. A complete financial plan is also generated in each total wealth review meeting and saved to the clients eMoney vault.

There is no limit to the number of interactions that a client may have with our firm in this monthly retainer-based relationship. However, the firm does retain the right to reevaluate the client's monthly retainer based upon the client’s stated needs and demands of interactions based upon the frequency of those interactions.

As part of a TWM relationship our team will collaborate and communicate throughout the year with any of our clients’ chosen existing professionals.

Clients also have access to our selected “Network of Specialists” who can provide them feedback specific to their needs and situations. The client can then take that advice and work with someone on their own or choose to work with one of our specialist in a direct relationship with them.

- Estate planning attorneys
- CPAs and tax planners
- mortgage professionals
- bankers
- realtors and other real estate professionals
- insurance professionals (including health insurance and property & casualty insurance agents)

Each of our TWM clients will have access to their own personal financial website. This service is provided through technology provider eMoney. This website gives the clients real time updating information that spans across their entire financial life. As part of this experience, the AW Experience team monitors and maintains all the clients’ various connections including held away assets and managed assets to ensure total accuracy and uniformity of daily updates.

Each client who opts for a TWM relationship engages us in a “good until cancelled” relationship; if a client chooses to no longer utilize our TWM service, we can enter an investment advisory only relationship with them; if they choose to no longer be a client of the firm altogether, we make a professional courtesy of refunding their latest month’s retainer fees.

TWM is a separate service offering from any of the other items listed in this section.

### **Investment Advisory Agreement**

AW offers ongoing investment advisory services based on the individual goals, objectives, time horizon and risk tolerance of each client. Investment advisory services can be stand alone, or in addition to a “Total Wealth Management” relationship. Either way, the below items are services that each AW client receives.

1. Investment Management/Research
  - Quarterly Performance and cost research across the universe of 35,000 investment options
  - Model Portfolio rebalancing as allocation levels exceed 5% of threshold.
  - If systematically withdrawing, raising cash 2-3 times per year to ensure that the next 12 months of withdraws are maintained and re-evaluating this figure twice per year.
2. Custodian Evaluations
  - Evaluating custody fees
  - Technology Platform comparisons
  - Paper statement layout design
  - Investment capabilities
3. Personal Needs Analysis (this applies specifically to clients who are **not** TWM and solely investment advisory clients of Affinity Wealth)
  - Goal review to determine if the current Investment Allocation is still appropriate.
  - Maintaining updated “static” net worth statement based upon client provided figures for all accounts.
  - Retirement Projections based upon current net worth statement as well as client provided income and “living expense stated estimates”. Since there is no eMoney financial planning tool, this information will be out of date unless client provides our team updated information prior to review meetings.

We provide discretionary and non-discretionary Portfolio Advisory Services in accordance with each clients’ individual investment objectives and signed Investment Advisory Agreement.

Clients who engage AW for “Investment Advisory” must grant either grant us:

A. *Discretionary Authority*: to manage your account, which is granted by the investment advisory agreement you sign with our firm. We have the authority and responsibility to formulate investment strategies on your behalf. This includes deciding which securities to buy and sell, when to buy and sell, and in what amounts, in accordance with your investment program, without obtaining your prior consent or approval for each transaction.

B. *Non-Discretionary Authority*: we must obtain your approval prior to executing any trades on behalf of your account. We will exercise discretion *only to invest additional monies that clients have put into their account into existing investment positions*. Any trades/transactions that would result in a new position being added must be agreed to by the client and the investment advisor.

### **Retirement Plan Consulting Services**

AW offers ongoing consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans) based on the demographics, goals, objectives, time horizon, and/or risk tolerance of the plan’s participants.

In providing pension consulting services we currently maintain record-keeping and third-party administrators:

- July Benefit Services and Mid-Atlantic Trust Company
- Vanguard Investments and Ascensus Trust Company
- Employee Fiduciary and MG Trust Company

### **“Outsourced CFO Business Services”**

Like our personal “Total Wealth Management” relationship, for businesses we offer a monthly retainer relationship where clients are engaging AW to provide ongoing advice in any or all the selected areas below:

- 401k plans/Retirement Plans
- Book-keeping
- Payroll service
- Tax Planning
- Tax preparation.
- Group Health Insurance & Property and casualty Insurance Services
- Business agreements & Entity structure: formations of LLC’s, s-corps, c-corps
- Executive Benefit planning
- Banking Loan analysis
- Sale of the business planning

Within this relationship, Affinity Wealth works with outside professionals from time to time and compensates them directly for the services that they provide to our outsourced CFO business clients to complete the above tasks. The affinity wealth team is responsible for serving as the primary contact for all services provided while also managing the network of relationships.

### **C. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. AW does not participate in any wrap fee programs.

### **D. Assets Under Management & Advisement**

As of March 29th, 2024, AW’s “Assets under Management” totaled \$97,279,620 all on a discretionary basis. As of March 29<sup>th</sup> 2024 AW’s “Assets under Advisement” totaled \$42,806,005 all on a non-discretionary basis.

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## Item 5: Fees and Compensation

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## **A. Total Wealth Management Relationship**

TWM clients pay a monthly ongoing retainer, which is based upon:

- 1.) The complexity of each client's financial situation.
- 2.) The amount of TWM services selected and outlined on the TWM client agreement, including business services as applicable.
- 3.) If the client has "investment advisory assets" with the firm.

The monthly renewable retainer for new clients engaging our firm as a TWM client ranges from \$300 month minimum for non-business owners or \$500 for business-owners. The retainer is reviewed each year based upon the client's changing and ongoing circumstances and needs.

The firm does have long-term "legacy clients" that also have investment advisory assets with the firm, some of these clients may pay a lower TWM fee than new clients being onboarded today.

This retainer is collected monthly through automatic ACH bank draft from the client's checking account. Total Wealth Management is an ongoing "good until cancelled" relationship.

## **B. Investment Advisory Agreement**

The annualized fee schedule for investment management are as follows:

<u>Total Household Account Asset Value</u>	<u>Annual Management Fee</u>
0 - \$499,999	1.50%
\$500,000- \$1,999,999	1.00%
\$2,000,000- \$4,999,999	.85%
\$5,000,000- \$7,999,999	.70%
\$8,000,000 or more	.60%

AW utilizes a "break-point fee schedule," meaning that the above listed fees apply to each household collective relationship in a progressive format.

*For example:*

A client with \$1,750,000 in total assets under management will be billed 1.5% on the first \$499,999, and 1% on the next \$1,250,000.

AW's fee is calculated based on the fair market value of the client's assets under management as of the last business day of the prior billing period. AW's fees will be automatically debited from the client's investment accounts.

- Accounts held at SEI Private Trust Company ("SEI") are billed quarterly in arrears.
- Accounts held at Capital Bank & Trust (American Funds) are billed quarterly in arrears.
- Accounts held at Nationwide Wealth Advisory (Nationwide) are billed monthly in arrears.

In addition to our investment management fee, the client, relative to all mutual fund purchases with any of our relationships, shall also incur charges imposed at the mutual fund level (e.g., management fees and other fund expenses).

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying reduced investment management fee's based on the available breakpoints in our fee schedule stated above.

Either party may terminate the management agreement within five days of the date of acceptance without penalty. After the five-day period, you may terminate the investment advisory agreement by providing 30 days' written notice to our firm. The asset allocation fee will be prorated for the quarter in which the termination notice is given, which means that you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid any advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **C. Fees for Retirement Plan Services/Pension Consulting**

Fees for the Retirement Plan Services ("Fees") are negotiable based upon the size of the plan, the number of participants in the plan, and the services that the plan sponsor desires. Excluding "solo-401k plans" which fall under the normal Investment Management fee schedule, the fee for Pension Consulting is negotiable and range between .50% and 1.75%. The minimum annualized fee for Pension Consulting services is \$1800.

Sponsors instruct the Plan's recordkeeper or custodian to automatically deduct our Fees from the Plan account; however, in some cases a Sponsor may request that we send invoices directly to the Sponsor/Company for direct payment. Depending upon the capabilities and requirements of the Plan's recordkeeper or custodian, we can collect our fees in arrears or in advance based upon the needs of the client.

Unless we agree otherwise, no adjustments or refunds will be made in respect of any period for (i) appreciation or depreciation in the value of the Plan account during that period or (ii) any partial withdrawal of assets from the account during that period. If the Agreement is terminated by us or by Sponsor, we will refund certain Fees to Sponsor to the extent provided in Section 8 of the Agreement. Unless we agree otherwise, all Fees shall be based on the total value of the assets in the account without regard to any debit balance.

All Fees paid to AW for Retirement Plan Services are separate and distinct from the fees and expenses charged by mutual funds, variable annuities, and exchange traded funds to their shareholders. These fees and expenses are described in each investment's prospectus. These fees will generally include a management fee, other expenses, and possible distribution fees. If the investment also imposes sales charges, a client may pay an initial or deferred sales charge. The Retirement Plan Services provided by AW may, among other things, assist the client in determining which investments are most appropriate to each client's financial condition and objectives and to provide other administrative assistance as selected by the client. Accordingly, the client should review both the fees charged by the funds, the fund manager, the Plan's other service providers and the fees charged by AW to fully understand the total amount of fees to be paid by the client and to evaluate the Retirement Plan Services being provided.

### **D. Rollover Recommendations**

As part of our investment advisory services to you, we may recommend that you roll assets from your employer's retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a "Plan Account"), to an individual retirement account, such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA (collectively, an "IRA Account") that we will manage on your behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts. When we provide any of the foregoing rollover recommendations we are acting as fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts.

If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the advisory agreement you executed with our firm. This creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to you (i.e., receipt of additional fee-based compensation). You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm. Due to the foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in your best interests and not put our interests ahead of yours.

Under this special rule's provisions, we must:

- meet a professional standard of care when making investment recommendations (give prudent advice)



- never put our financial interests ahead of yours when making recommendations (give loyal advice) • avoid misleading statements about conflicts of interest, fees, and investments.
- follow policies and procedures designed to ensure that we give advice that is in your best interests. • charge no more than a reasonable fee for our services; and
- give you basic information about conflicts of interest.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of a rollover.

Note that an employee will typically have four options in this situation:

1. leaving the funds in your employer's (former employer's) plan
2. moving the funds to a new employer's retirement plan
3. cashing out and taking a taxable distribution from the plan; or
4. rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide you with a written explanation of the advantages and disadvantages of both account types and the basis for our belief that the rollover transaction we recommend is in your best interests.

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## Item 6: Performance-based Fees and Side-by-Side Management

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AW does not accept performance-based fees or other fees based on a share of capital gains or capital appreciation of the assets of a client.

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## Item 7: Types of Clients

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AW generally provides advisory services to the following types of clients:

- |                                  |                              |
|----------------------------------|------------------------------|
| • Pre-retiree's/Retiree's        | • High-Net-Worth Individuals |
| • Business-owners and executives | • Up and coming wealthy      |

We do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your Account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

### **A. Termination of client Relationship**

The following is the outline of how AW handles the termination of a client relationship who no longer wishes AW to be the RIA on their account:

- AW will contact the custodian to remove us as the RIA.
- The client's investments will remain with the custodian until when/if the client decides to move the account elsewhere.
- AW will maintain the client's file and all corresponding notes in our database and mark the client inactive.

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## Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

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### **A. Methods of Analysis and Investment Strategies**

AW's methods of analysis are based upon either:

- Building a comprehensive financial plan to determine the rate of return needed for the client to achieve their desired goal or outcome.
- Gathering detailed information regarding the client's income, net-worth, time horizon, and risk tolerance (referred to herein as a Financial Profile) to identify the most appropriate investment allocation for the desired goal or outcome.

Regardless of the above method used, Affinity Wealth investment strategies revolve around a long-term buy and hold strategy alongside Modern Portfolio Theory.

Modern portfolio theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

Modern portfolio theory assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

Fundamental Analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

Risk- The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Long-term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Selection of Other Advisers: AW's selection process cannot ensure that money managers will perform as desired and AW will have no control over the day-to-day operations of any of its selected money managers. AW would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

*Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

### **B. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

Mutual Funds: Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

Stocks & ETFs: Investing in stocks & ETFs carries the risk of capital loss (sometimes up to a 100% loss, in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

Real Estate Investment Trusts (“REITs”): have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

Annuities are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

*Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

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## Items 9: Disciplinary Information

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### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organizational proceedings to report.

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## Item 10: Other Financial Industry Activities and Affiliations

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### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither AW nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading**

Adviser AW and our related persons are not registered as and do not have any pending application(s) to become registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, or associated persons of any of the foregoing.

### **C. Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Scott A Lowe is an independent licensed insurance agent and provides services through Affinity Insurance Strategies LLC, a State of Ohio licensed insurance agency. From time to time, will offer clients advice or products from those activities. Scott A. Lowe is a State of Ohio licensed Mortgage Loan Officer, license #1972148, and works in an independent contractor arrangement with Pioneer Financial Services, Canton Ohio.

Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. AW always acts in the best interest of the client; including working in conjunction with AIS and Pioneer Financial Services in the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of AW in connection with such individual's activities outside of AW.

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

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### **Code of Ethics**

AW has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. AW's Code of Ethics is available free upon request to any client or prospective client.

### **Recommendations Involving Material Financial Interests**

AW does not recommend that clients buy or sell any security in which a related person to AW or AW has a material financial interest.

### **Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of AW may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of AW to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. AW will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of AW may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of AW to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, AW will never engage in trading that operates to the client's disadvantage if representatives of AW buy or sell securities at or around the same time as clients.

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## Item 12: Brokerage Practices

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### **A. Factors Used to Select Custodians**

Affinity wealth does not directly custody any client's assets. Depending on the financial circumstances of the client as well as the type of investments that is desired to be utilized, and account type, Affinity Wealth assists the client determine best custodian or their situation.

In selecting custodians in general, we have an obligation to seek the “best execution” of transactions in your account. This duty requires that we seek to execute securities transactions for clients such that the total costs or proceeds in each transaction are the most favorable under the circumstances. The determinative factor in the analysis of best execution is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the recommended broker-dealer’s services. The factors we consider when evaluating a

broker-dealer for best execution include, without limitation, the broker-dealer’s:

- execution capability;
- commission rates;
- financial responsibility;
- responsiveness and customer service;
- custodian capabilities;
- research services/ancillary brokerage services provided; and
- any other factors that we consider relevant.

SEI is currently AW’s largest independent custody relationship. AW has selected SEI based upon the above-mentioned criteria and how they rank very favorably against their competitors. SEI’s role as a custodian is to simply provide custody, the investment platform that we create investment accounts within, electronic access to client accounts, quarterly statements, IRS reporting functions and 1099 preparation, and internal accounting or all our client accounts on the platform. For these services SEI currently charges a 10-basis point platform fee to Affinity Wealth, however the firm pays this platform fee on behalf of all of our clients as a part of our investment advisory agreement asset charges. The only fees that the client would ever incur from SEI would be wire transfer fees or overnight check processing fees.

Capital Bank & Trust is another custody relationship that AW maintains for the firm's clients. CB&T however unlike an independent custodian, only custodies our client assets that are fully invested within American funds, which is a wholly owned subsidiary of CB&T. Capital bank and trust custody fee is internally irreversibly placed within the mutual fund operating expenses of the funds themselves that our clients are invested in, so therefore our clients at capital bank and trust are paying for their own custody fees within their mutual funds operating expense ratios.

Nationwide Advisory is the custodian for Affinity Wealth’s “fee-based variable annuity” accounts. Nationwide platform is utilized for clients who desire the tax-deferred nature of a variable annuity structure, with the ability to invest amongst 360 subaccounts from various money managers.

Nationwide deducts their platform and custody fee from the Net Asset Value of the mutual funds in the account. Nationwide deducts AW’s fee monthly in arrears.

In the area of 401K and retirement plan custody relationships.....

- Ascensus Trust Company is the custodian for any of our 401K plans managed with Vanguard retirement services.
- Mid-Atlantic Trust Company is the custodian for our 401K plans managed with July benefit services as well as Employee Fiduciary.
- MG Trust Company is the custodian for any 403B plans managed through the Aspire platform.

#### Research and Other Soft-Dollar Benefits

AW may from time to time be provided with research, market commentary, or invited to attend conferences from our providers where both are provided.

#### Brokerage for Client Referrals

AW receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### Client Directed Brokerage

Affinity Wealth does not participate and any client directed brokerage activity

## **B. Aggregating or Block Trading for Multiple Client Accounts**

AW maintains the ability to block trade purchases across accounts. The decision to block trade (or not) has no impact on fees paid by clients.

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## Item 13: Review of Accounts

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### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Review**

Scott A. Lowe, the Principal of Affinity Wealth will review the firms' client accounts on a periodic basis and will conduct account reviews at least annually to ensure the advisory services provided to the clients and the portfolio mix are consistent with their current investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives

AW may provide the client with additional written reports in conjunction with account reviews or upon your request. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, etc. You will receive trade confirmations and monthly or quarterly statements from your account custodian.

### **B. Factors that will trigger a non-periodic review of client accounts**

Reviews may be triggered by material markets, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Depending upon the asset manager and custodian selected by AW, the custodian will deliver clients' investment asset statements either on a monthly or quarterly basis. AW does not directly construct or provide any statements for investment accounts as we do not directly custody any clients' assets. In addition to the custodian's statements, clients who engage our firm in "Total Wealth Management" (TWM) services have daily updating account values via their eMoney personal financial website. Both client statements and the personal financial website will include complete details of their client accounts such as prices per share, cost basis, unit values, and total current values.

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## Item 14: Client Referrals and Other Compensation

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We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals. We do not receive any economic benefits or other compensation of any kind from any third parties in connection with the investment advice we render to our clients. As your fiduciary, we always put your interests first. Our firm does not pay referral fees (non-commission based) to independent solicitors (nonregistered representatives) for the referral of their clients to our firm.

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## Item 15: Custody

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When you engage us for investment advisory agreements, your funds and securities will be held in an account titled in your name and maintained at an independent qualified custodian. The custodian will be authorized to

execute trades within your account upon our instruction, acting within the scope of the discretionary authority you grant us in our written investment advisory agreement and/or the custodian's account opening documents. Except for our ability to directly deduct our advisory fees, we will not maintain custody of any client funds or securities or the authority to obtain possession of them. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities.

You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

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## Item 16: Investment Discretion

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In engaging our firm in an Investment Management relationship, you grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. In all cases, we exercise this authority in a manner consistent with our fiduciary duty to you and our understanding of your unique investment profile, objectives, needs, and restrictions. Our discretionary authority is formalized in a written advisory agreement executed by the client and in the account opening documents of your custodian.

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## Item 17: Voting Client Securities (Proxy Voting)

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AW will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of security.

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## Item 18: Financial Information

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### **A. Balance Sheet**

AW does not require the prepayment of any fees for services in advance that would exceed \$500 and is therefore not required to maintain individualized client balance sheets.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. As is required disclosure by SEC guidelines, our firm did not accept any type of government stimulus, loans, or financial incentives throughout the COVID-19 pandemic.

### **C. Bankruptcy**

We have not filed a bankruptcy petition at any time in the past ten years, or ever. Therefore, we are not required to include a financial statement with this brochure.

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## Item 19: Requirements for State Registered Advisers

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Refer to Part(s) 2B for background information about management personnel and those giving advice on behalf of our firm.

Our firm is not actively engaged in any business other than giving investment advice and advice related to the "Total Wealth Management" process.

Neither our firm, nor any persons associated with our firm are compensated for advisory services with performance-based fees. Please refer to the "Performance-Based Fees and Side-By-Side Management" section above for additional information on this topic.

Neither our firm, nor any of our management persons have any reportable arbitration claims, civil, self-regulatory organization proceedings, or administrative proceedings.

Neither our firm, nor any of our management persons have a material relationship or arrangement with any issuer of securities.