

# Fortune 45, LLC

ADV Part 2A, FIRM BROCHURE

Dated: March 18, 2022

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This Brochure provides information about the qualifications and business practices of Fortune 45, LLC. If you have any questions about the contents of this Brochure, please contact us at (225) 614-9599 or Jesse@Fortune45.com to obtain answers and additional information. 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 Fortune 45, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Fortune 45, LLC's IARD number is 170693.

Fortune 45, LLC is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

**Item 2 – Material Changes**

If applicable, we will ensure that all current clients receive a Summary of Material Changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. A Summary of any Material Changes will also be included with our Brochure on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Fortune 45, LLC is 170693. The Summary of Material Changes is listed as "Exhibit A" to our Brochure. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting us at (225) 614-9599 or [Jesse@Fortune45.com](mailto:Jesse@Fortune45.com). Our Brochure is provided free of charge.

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#### **Item 4 – Advisory Business**

**A.** Fortune 45, LLC is an independent State registered investment advisory firm located in Gonzales, Louisiana. We provide fee-based investment advisory services. The firm has been in business since 2014. Jesse B. Rodrigue is the managing director and principal owner of the firm.

**B, C.** Fortune 45, LLC strives to provide each client with personalized, confidential, and objective asset allocation services and assistance with the implementation of their investment plans. Fortune 45, LLC provides comprehensive investment advisory services predicated upon full and complete analysis of all assets, liabilities, aspirations and goals of clients. Investments reviewed may include securities, real estate, insurance, and other investments. These services may include determination of financial objectives, cash flow management, insurance review, investment management, retirement planning, estate planning, education funding, long-term care needs and identification of financial problems and goals. Clients may impose restrictions on investing in certain securities or types of securities.

##### *Financial Advisory Services*

Financial Advisory Services can include financial planning and financial consulting services. Financial planning services involve us creating a written financial plan for you which covers mutually agreed upon topics. Financial consulting is used when a written financial plan isn't needed. It involves one time and/or ongoing meetings to discuss your financial situation. These typically begin with a meeting or series of meetings designed to collect pertinent information and explore client goals. We then prepare observations and recommendations which we present to the client orally and/or in writing. Our advice encompasses cash flow management, needs analysis for insurance, education, estate planning, retirement and investment strategy. After we review our observations and recommendations with a client, we then assist the client in the implementation of steps the client agrees to take. Third-party expert contacts may be provided to the client(s) for services not provided by Fortune 45, LLC. Ongoing financial planning services may be provided after the initial planning process is complete. We will review a client's goals and personal situation periodically in relation to assets under our management to help the client stay on track for and reach his or her goals. We are available for consultation as needed and encourage clients to contact us before making major financial decisions and whenever there are major changes to a client's personal situation and goals. Some major changes require a new fee arrangement, but our firm always discusses and notifies clients of any proposed changes to the fee arrangement in advance.

##### *Investment Management Services*

Clients may choose to have Fortune 45, LLC manage their assets in order to obtain ongoing in-depth advice and planning. Investment management services include the design and continuing review of investment portfolios. We will evaluate clients' existing investments, make appropriate recommendations, and offer suggestions for or implement new investments. Assets will be allocated consistent with a client's financial objectives, constraints, risk tolerance, and prevailing economic conditions. Investment will be kept in the client's name with Fortune 45, LLC having discretionary trading authorization within the account. Clients may impose restrictions on investing in certain securities or types of securities.

We scrutinize and reevaluate client portfolios on a regular basis. We make appropriate "buy, sell, hold" decisions as we believe they are needed, using our asset allocation methodology. We monitor existing assets to the extent that we are qualified and may agree to include the assets in our monitoring system as part of our holistic investment management strategy. Clients receive monthly reports either electronically or in mail from the custodian which list investments, pricing, and transactions. Fortune 45, LLC in its role as an investment adviser, offers its clients investment advice and/or management services on a wide range of investment vehicles. While these investment vehicles may include equity securities, warrants, corporate debt securities (including commercial paper), certificates of deposit, municipal securities, investment company securities such as life insurance, annuities, exchange traded funds, mutual fund shares, United States government securities, and interests in limited partnerships, the majority of the firm's investment advisory services focuses on publicly traded equity and fixed income securities, exchange traded funds, and mutual funds.

### *Retirement Plan Services*

Fortune 45, LLC provides its clients with qualified and non-qualified retirement plan assistance in conjunction with an independent third party administrator. When we believe a client will benefit from adopting a retirement plan, we refer the client to an independent third party administrator for the preparation of plan documents. Once the plan is adopted, we may assist the client in providing information necessary for plan accounting and compliance on a periodic basis as required by the independent third party administrator. We also assist our clients in making decisions on the contribution and plan feature options as presented by the independent their party administrator on a periodic, usually annual, basis.

D. Fortune 45, LLC does not manage wrap fee programs.

E. As of December 31, 2021, Fortune 45, LLC manages \$137.663M of Client assets on a discretionary basis, \$233K of Client assets on a non-discretionary basis.

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

A. Depending on the service or services provided, fees are based on a percentage of Assets Under Management (“AUM”), an hourly rate, a fixed-fee basis, or a combination of these fee structures. Fees are generally negotiable. Clients have the right to terminate any agreement without penalty within five business days after entering into the contract. Agreements may otherwise be terminated at any time by either party by written notice to the other party as set forth in such agreements.

### *Investment Advising/Retirement Plan Services*

Our annual fees for ongoing management services are calculated using the percentage rate that corresponds with the amount of assets under management as listed below:

<b>Amount Invested</b>	<b>Quarterly Rate</b>	<b>Annualized Rate</b>
\$0 – \$500,000	.3750%	1.50%
\$500,001 – \$1,000,000	.3125%	1.25%
\$1,000,001 – \$2,000,000	.2500%	1.00%
\$2,000,001 – \$3,000,000	.187%	0.75%
Excess of \$3 million		Negotiable

### *Financial Advisory Services*

Fortune 45, LLC provides financial advisory services under an hourly fee arrangement. An hourly fee of \$250 per hour is charged by Fortune 45, LLC for financial planning services under this arrangement. Before commencing financial planning services, Fortune 45, LLC provides an estimate of the approximate hours needed to complete the requested financial planning services. If Fortune 45, LLC anticipates exceeding the estimated amount of hours required, Fortune 45, LLC will contact you to receive authorization to provide additional services. You will pay in advance a mutually agreed upon retainer that will be available for Fortune 45, LLC to bill hourly fees against for our financial planning services; however, under no circumstances will Fortune 45, LLC require you to pay fees more than \$1,200 more than six months in advance.

Fortune 45, LLC can also provide financial advisory services under a fixed fee arrangement. A mutually agreed upon fixed fee is charged for financial planning services under this arrangement. There is a range in the amount of the fixed fee charged by Fortune 45, LLC for financial planning services. The minimum fixed fee is generally \$3,000, and the maximum fixed fee is generally no more than \$5,000. The amount of the fixed fee for your engagement is specified in your financial planning agreement with Fortune 45, LLC. At our sole discretion, you may be required to pay in advance 25% of the fixed fee at the time you execute an agreement with Fortune 45, LLC; however, at no time will Fortune 45, LLC require payment of more than \$1,200 in fees more than six months in advance.

#### *Financial/Retirement Planning Services*

Services start at \$500 and increase depending on the complexity, time and detail required for the plan. Fortune 45, LLC will negotiate the fee for these services prior to commencing work on the client's behalf. Unless noted otherwise, we require 100% of the fee to be paid up front. In limited circumstances we may agree to allow the Client to pay one-half (1/2) of the fee at the time an agreement is entered with the remaining due upon presentation of the final plan. Such services shall be limited to two meetings, unless otherwise noted.

*Notwithstanding the above, at the discretion of the Advisor, all fees are subject to negotiation.*

**B.** For Investment Advising and Retirement Plan Services, generally, Clients authorize the custodian to deduct the advisory fee from Client's account(s). However, Clients may elect to be directly billed for investment management services and will be sent an itemized bill after the end of each quarter with payment due upon receipt. In most cases, fee brackets are based as a percentage of the average daily balance of the portfolio for the previous calendar quarter. Also in most cases, Fees for Assets Under Management are calculated based on the average daily balance for the previous quarter and are charged to the account no later than the fifteenth (15<sup>th</sup>) business day following the quarter end, with a minimum of \$250 per quarter. In some cases, Fees for Assets Under Management are calculated based on the ending balance for the previous quarter. The per quarter minimum may be waived at the discretion of the Advisor.

Clients may elect to be directly billed for investment management services and will be sent an itemized bill after the end of each quarter. Payment is due upon receipt.

#### *Refunds*

Although Fortune 45, LLC generally receives management fees in arrears, in the case of prepayment, if the advisory contract is terminated before the end of the billing period, Clients are reimbursed within 30 days on a pro-rated basis for the number of days assets are not under management. In this event, Clients will receive their refund via check from Fortune 45, LLC.

**C.** Mutual funds and Exchange traded funds (ETFs) generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund or ETF company charges .5% annually for their services. These fees are in addition to the fees paid to Fortune 45, LLC. Fortune 45, LLC's advisory fees are in addition to any fees charged by the investment vehicles in which the client is invested. Fees charged by mutual funds and ETFs are detailed in the prospectus. The custodian may charge clients a transaction fee for the purchase or sale of all types of investment securities, including mutual funds and ETFs. Typically, Advisor share class mutual funds charge a transaction fee in addition to the normal trading fee charged by the custodian. In most cases, these fees are added to the purchase price of the asset and are never distributed to Fortune 45, LLC in any way. Fortune 45, LLC does not receive any compensation from fund companies in any RIA account.

**D.** In the event of termination, all custodial termination and transfer fees, if any, assessed by Custodian will be the responsibility of the Client. In the event of termination, any fees paid in advance which remain unearned will be refunded to the Client. Any fees which have been earned by Fortune 45, LLC but not yet paid by the Client will be immediately due and payable to Fortune 45, LLC and shall be deducted from the Client's account(s) prior to transfer.

**E.** None of Fortune 45, LLC's supervised persons accepts compensation for the sale of securities or any other investment products.

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

We do not charge any performance-based fees for our services. Accordingly, this Item is not applicable to our firm.

## **Item 7 – Types of Clients**

We provide services to individuals, families, small businesses, trusts, estates, charitable organizations, corporations and other business entities. Fortune 45, LLC generally imposes a minimum of \$100,000 to open and maintain an advisory account. Fortune 45, LLC may waive or lower this minimum in its sole discretion. Fortune 45, LLC may, in its discretion, combine household client accounts to meet the stated minimum.

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

**A.** Our investment strategies and advice may vary depending upon each Client's specific financial situation. We determine investments and allocations based upon each Client's predefined objectives, risk tolerance, time horizon, financial horizon, financial information, other assets, liquidity needs, goals, cost of living and other factors. Client restrictions and guidelines may affect the composition of the portfolio. Our strategies are always based on what is best for our Clients.

### **B, C. Types of Investments**

We primarily recommend and utilize mutual funds and exchange-traded funds (ETFs) in Client portfolios. However, we may also utilize and recommend other securities, including but not limited to individual equity and debt securities, interests in real estate investment trusts (REITS) and corporate bonds, based upon Client needs and objectives. Each type of security has its own unique set of risks associated with it, and it would not be possible to disclose all of the specific risks of every type of investment in this Brochure. We strive to keep Clients educated and informed of material risks associated with particular investments. If you have any questions regarding the risks associated with a particular investment, please feel free to contact us.

**Mutual Funds** are professionally managed collective investment companies that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual or exchange traded funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Other fund risks include foreign securities and currency risk, emerging markets risk, small-cap, mid-cap and large-cap risk, trading risk, political risk and turnover risk that can increase fund expenses and may decrease fund performance. Brokerage and transactions costs incurred by the fund will reduce returns.

**ETFs** are an investment fund traded on stock exchanges, much like stocks or equities. An ETF holds assets such as stocks, commodities, or bonds and trades at approximately the same price as the net asset value of its underlying assets over the course of the trading day. Most ETFs track an index, such as the S&P 500. However, some ETFs are fully transparent actively managed funds. Market risk is, perhaps, the most significant risk associated with ETFs. This risk is defined by the day to day fluctuations associated with any exchange traded security, where fluctuations occur in part based on the perception of investors. Other ETF risks include foreign securities and currency risk, emerging markets risk, small-cap, mid-cap and large-cap risk, trading risk, political risk and turnover risk that can increase fund expenses and may decrease fund performance. Brokerage and transactions costs incurred by the fund will reduce returns.

**Individual equity securities** (also known simply as "equities" or "stocks") are assessed for risk in numerous ways. Price fluctuations and market risk are the most significant risk concerns. As such, the value of your investment can increase or decrease over time. Furthermore, you should understand that stock prices can be affected by many factors including, but not limited to, the overall health of the economy, the health of the market sector or industry of the issuing company, and national and political events. When investing in stock, it is important to focus on the average returns achieved over a given period of time, across a well-diversified portfolio.

**Individual debt securities** (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set

to mature; interest rates; and, whether or not the bond can be “called” prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Real Estate Investment Trusts** The value of an investment in REITs may change in response to changes in the real estate market. Investments in REITs may subject it to some or all of the following risks: Declines in the value of real estate; Changes in interest rates; Lack of available mortgage funds or other limits on obtaining capital and financing; Overbuilding; Extended vacancies of properties; Increases in property taxes and operating expenses; Changes in zoning laws and regulations; Casualty or condemnation losses; and Tax consequences of the failure of a REIT to comply with tax law requirements. REITs may also have additional fees such as ongoing operating fees and expenses (which may include management, operating and administrative expenses).

#### *Methods of Analysis*

We research and analyze securities using primarily technical, charting, and fundamental analysis.

**Technical analysis** involves the analysis of past market data; primarily price and volume. This strategy attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows perceptible patterns, which if identified a prediction can be made. The risk is that markets do not always follow patterns. Relying solely on this method is not advisable and may not work long term.

**Charting analysis** involves the use of patterns in performance charts. We use this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security. This type of analysis involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance, which may not be the case.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. This type of analysis concentrates on factors that determine a company’s value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

#### *Investment Strategies*

The primary investment strategies used to implement investment advice given to Clients include long-term and short-term purchases.

**Long Term Purchases** are securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. A risk in a long-term purchase strategy is that, by holding the security for this length of time, you may miss out on short-term gains that could be more profitable. Further, it is possible that for various reasons a security may decline in value before a decision to sell is made.

**Short Term Purchases** are securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities’ short term price fluctuations. A risk in a short-term purchase strategy is that, should an anticipated price swing not materialize, you may be left with having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and may result in increased brokerage and other transaction-related costs. This strategy also involves less favorable tax treatment of short-term capital gains. When in the best interest for a Client’s account, we may also use trading strategies (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is your best interest given your stated investment



objectives and tolerance for risk. Like Short Term Purchases, a risk in a trading strategy is the potential for loss. In addition, this strategy may also result in less favorable tax treatment of short-term capital gains.

#### *Sources of Information*

The main sources of information we rely upon when researching and analyzing securities include resources, analysis reports, financial statements, charts and published materials from financial and company websites; research materials prepared by others; corporate rating services; annual reports, prospectuses, filings with the Securities and Exchange Commission; and company press releases. We will use our best judgment and good faith efforts in rendering services to Client. We cannot warrant or guarantee any particular level of account performance, or that accounts will be profitable over time. Not every investment decision or recommendation made by us will be profitable. Our Clients assume all market risk involved in the investment of account assets under the Investment Advisory Agreement and understand that investment decisions made for this account are subject to various market, currency, economic, political, business and other risks. Except as may otherwise be provided by The Advisers Act of 1940 or other applicable state or federal law, Fortune 45, LLC is not liable to Clients for:

- Any loss that Client may suffer by reason of any investment decision made or other action taken or omitted in good faith by us with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use;
- Any loss arising from our adherence to Client's instructions; or
- Any act or failure to act by a custodian or other third party to a Client's account(s). It is the responsibility of the Client to give us complete information and to notify us of any changes in financial circumstances or goals.

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

We are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. No principal or person associated with Fortune 45, LLC has any information to disclose which is applicable to this Item.

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

Fortune 45, LLC may have arrangements with unaffiliated third party providers to provide certain services in regards to Client accounts. These services may include, but are not limited to the following:

- Back office administration,
- Research,
- Due diligence,
- Performance Reporting,
- Account Billing,
- Electronic Signatures,
- Email, Fax and Communication Services,
- Account Aggregation,
- Reporting, and
- Portfolio analysis.

Generally, Third Party Providers, with the exception of Third Party Administrators for retirement plans, will have little or no direct contact with our Clients. Third Party Providers will not enter into any advisory contracts directly with our Clients. Third Party Providers generally provide services directly to us and we are responsible for communications with our Clients. Upon entering into an Investment Advisory/Management Agreement with Fortune 45, LLC, Clients authorize us to use Third Party Providers to service their account, including billing and the deduction of fees. Clients agree to allow us to share non-public, personal information with our Third Party Provider teams for the purpose of administering and managing their account. Other than the services described above, we do not receive any other direct or indirect compensation or benefits from our Third Party Providers. We have determined the use of these providers causes no conflict of interest with our Clients. The use of Third Party

Providers does not cause Clients to incur any additional fees as we pay these providers for services out of the total advisory fee charged to Client. Our fee schedule is disclosed under Item 5 above.

No management person of Fortune 45, LLC are registered, or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

No management person of Fortune 45, LLC are registered, or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Fortune 45, LLC and its management have no material relationships or arrangements with the following persons listed below that would create a material conflict of interest with its clients:

- broker-dealer, municipal securities dealer, or government securities dealer or broker;
- investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund);
- other investment adviser or financial planner;
- futures commission merchant, commodity pool operator, or commodity trading advisor;
- banking or thrift institution;
- accountant or accounting firm;
- lawyer or law firm;
- insurance company or agency;
- pension consultant;
- real estate broker or dealer;
- sponsor or syndicator of limited partnerships.

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

**A.** Fortune 45, LLC has a Code of Ethics which all employees are required to follow. The Code of Ethics outlines our high standard of business conduct, and fiduciary duty to Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition of rumor mongering, and personal securities trading procedures, among other things. A copy of the Code of Ethics is available to any Client or prospective Client upon request by contacting Jesse B. Rodrigue at (225) 614-9599 or [Jesse@Fortune45.com](mailto:Jesse@Fortune45.com).

**B-D.** We do not directly own or manage any private companies or private investments that we advise our Clients to buy. Fortune 45, LLC or individuals associated with our firm may buy and sell some of the same securities for their own account that we buy and sell for our Clients. On any day, when individuals associated with Fortune 45, LLC do own the same securities as our Clients, we will purchase or sell securities for Clients before purchasing the same for our account or allowing representatives to purchase or sell the same for their own account, so long as it is in the best interest of our Clients. All employees are required to follow the Code of Ethics when making trades for their own accounts in securities which are recommended to and/or purchased for Clients. The Code of Ethics is designed to assure that the personal securities transactions will not interfere with decisions made in the best interest of advisory Clients while at the same time, allowing employees to invest their own accounts. The Chief Compliance Officer of Fortune 45, LLC is Jesse B. Rodrigue. Mr. Rodrigue reviews the trades of all associates on a regular basis, to ensure compliance with The Code of Ethics. These personal trading reviews ensure that the personal trading of associates does not affect the markets, and that our clients always receive preferential treatment. Fortune 45, LLC will disclose to advisory Clients any material conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

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

**A.** Our Clients' assets are held by independent third-party custodians. Except to the extent that the Client directs otherwise, we may use our discretion in recommending the broker-dealer. Clients are not obligated to effect transactions through any broker-dealer recommended by Fortune 45, LLC. In recommending broker-dealers, we

will comply with our fiduciary duty to seek best execution and with the Securities Exchange Act of 1934. We will take into account relevant factors as:

- Price;
- The custodian's facilities, reliability and financial responsibility;
- The ability of the custodian to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
- The research and related brokerage services provided by such custodian to Fortune 45, LLC, notwithstanding that the account may not be the direct or exclusive beneficiary of such services; and
- Any other factors that we consider to be relevant.

Generally speaking, we will recommend that Clients establish brokerage/investment/retirement accounts with TD Ameritrade Institutional ("TD Ameritrade"), Vanguard or Charles Schwab, collectively referred to as "Each," so long as TD Ameritrade, Vanguard and Charles Schwab continue to meet the above criteria. We work primarily with TD Ameritrade, Vanguard and Charles Schwab for administrative convenience and also because each offers a good value to our Clients for the transaction costs, other costs and services provided. Each custodian is a registered broker-dealer and SIPC member. Each provides Advisor with access to its institutional trading and operations services, which are typically not available to retail investors. Each provides services that include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Each also makes available to Advisor other products and services that benefit Advisor but may not directly benefit its Clients' accounts. Some of these other products and services assist Advisor in managing and administering Clients' accounts. These include software and other technology that provide access to Client account data (such as trade confirmation and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple Client accounts), provide research, pricing information and other market data, facilitate payment of Advisor's fees from its Clients' accounts and assist with back-office support, recordkeeping and Client reporting. Many of these services generally may be used to service all or a substantial number of Advisor's accounts. Each may also provide Advisor with other services intended to help Advisor manage and further develop their respective business enterprises. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, each may make available, arrange and/or pay for these types of services to Advisor by independent third-parties. Each may discount or waive fees that it would otherwise charge for some of these services, or pay all or a part of the fees charged by a third-party for providing these services to Advisor. The availability of the foregoing products and services is not contingent on Advisor committing to each any specific amount of business (assets in custody or trading). Subject to Section 28(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), we may recommend broker-dealers who charge transaction fees that are in excess of the amount of transaction fees charged by other broker-dealers in recognition of their research, seminar and execution services. These benefits are generally considered to be "soft dollar" arrangements. But for soft dollar arrangements, we would have to obtain these types of services and products for cash. As a result of receiving such products and services for no cost, we have an incentive to recommend broker-dealers to Clients that offer soft dollar arrangements. Because these interests are in conflict with the Clients' interest of obtaining the lowest commission rate available, we are required to periodically evaluate, and has determined in good faith, based on the "best execution" policy stated above that transaction fees are reasonable in relation to the value of the services provided. Fortune 45, LLC emphasizes to Clients their unrestricted right to select and choose any broker or dealer they wish.

**B.** We may aggregate trades for Clients. The allocations of a particular security will be determined by us before the trade is placed with the broker. When practical, Client trades in the same security will be bunched in a single order (a "block") in an effort to obtain best execution at the best security price available. When employing a block trade:

- We will make reasonable efforts to attempt to fill Client orders by day-end if doing so is in the best interests of our Clients.
- If the block order is not filled by day-end, we will allocate shares executed to underlying accounts on a pro rata basis, adjusted as necessary to keep Client transaction costs to a minimum.

- If a block order is filled (full or partial fill) at several prices through multiple trades, an average price and commission will be used for all trades executed;
- All participants receiving securities from the block trade will receive the average price.
- Only trades executed within the block on the single day will be combined for purposes of calculating the average price.

It is expected that this trade aggregation and allocation policy will be applied consistently. However, if application of this policy results in unfair or inequitable treatment to some or all of our Clients, we may deviate from this policy.

### **Item 13 – Review of Accounts**

**A.** Investment and/or financial planning reviews are conducted on a frequency determined with the client during the initial interview. In no case are directly managed investment accounts reviewed less frequently than quarterly.

**B.** More frequent reviews may be triggered by any of the following factors: planned dates for needing funds, yearend planning to balance gains against losses, serious illness of a client, retirement plan distribution needs, plan contributions received, portfolio objective changes, significant market/economic changes, underperformance, etc.

**C.** Investment advisory Clients receive standard paper or electronic (depending upon client delivery preference and selection) account statements from the custodian of their accounts on a monthly basis; except for qualified retirement plans such as 401(k)'s, as these will be available to clients on a quarterly basis. We may, at our sole discretion, also provide Clients with periodic reports summarizing the account activity and portfolio allocations. Financial planning reports or updates such as financial statements, analysis of education, and financial needs are furnished only upon request, and may include a fee for such services. More frequent reports are furnished as needed and/or required. Client who utilize online account access may view further details on the accounts at any time by logging in.

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

The vast majority of our new Clients come from introductions made by existing Clients. However, we may pay a fee to individuals or entities which refer Clients to our firm. These persons are commonly called "Solicitors." Any arrangements we may have with a Solicitor will be in compliance with SEC Rule 206(4)-3 under the Investment Advisers Act of 1940 (the "Act"). Any Solicitor referral arrangement between us and a third-party will be in writing. The writing will set forth the following:

- (a) the scope of the Solicitor's activities;
- (b) a covenant that the Solicitor will perform its activities consistent with our instructions and in compliance with the Act and associated rules; and
- (c) a covenant that the Solicitor will provide the Client with:
  - a copy of our Form ADV Part 2 and
  - a separate written solicitor disclosure. The separate written Solicitor disclosure must include the following information:
    - The name of the Solicitor;
    - The nature of the relationship between the Solicitor and us;
    - A statement that the Solicitor will be compensated by us for the referral;
    - The terms of the compensation arrangement including a description of the fees paid or to be paid to the Solicitor; and
    - The amount the Client will be charged in addition to the Wealth Management Retainer fee (if any).

We may pay a portion of ongoing Wealth Management fees charged to a Client so as long as the payments are consistent with the written Solicitor disclosures provided to the Client (and in accordance with the requirements of SEC Rule 206(4)-3). We will not engage any Solicitors who are disqualified from acting as a Solicitor under Section 203 of the Act. For example, we will not pay a Solicitor a referral fee to any person who has been barred or prohibited from acting as an investment adviser or broker-dealer, or convicted within the past ten years of certain felonies or misdemeanors. At the time of this update, Fortune 45, LLC does not receive or pay any compensation in regards to soliciting or referral agreements.

### **Item 15 – Custody**

Fortune 45, LLC does not have custody of the assets in the account. We shall have no liability to Clients for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation (“SIPC”) or any other insurance which may be carried by the custodian. The Client understands that SIPC provides only limited protection for the loss of property held by a custodian. Clients receive standard account statements from the custodian of their accounts via electronic access or standard mail on a monthly basis. We may also provide Clients, upon request, with periodic written reports summarizing the account activity and performance. We urge all Clients to carefully review statements from the custodian on a monthly basis. If provided to clients, our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. If a report is received by the Client from both Fortune 45, LLC and the broker or custodian, we urge the Client to compare the account statements from both sources.

### **Third Party Money Movement:**

On February 21, 2017, the SEC issued a no-action letter (“Letter”) with respect to Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of authorization (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client’s qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

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

Generally, Clients grant Fortune 45, LLC ongoing and continuous discretionary authority to execute its investment recommendations in accordance with Fortune 45, LLC Statement of Investment Policy (or similar document used to establish each Client’s objectives and goals), without the Client’s prior approval of each specific transaction. Under this discretionary authority, Client or Clients allows or allow Fortune 45, LLC to purchase and sell securities and instruments in their account(s), arrange for delivery and payment in connection with the foregoing, select and retain sub-advisors, and act on behalf of the Client in matters necessary or incidental to the handling of the account, including monitoring certain assets. The only restrictions on our discretionary authority are those set by the Client on a case by case basis.

If Fortune 45, LLC accepts discretionary authority to manage securities on behalf of Clients, Clients may, from time to time, elect to impose certain limitations with regard to Fortune 45, LLC’s discretionary authority. Some limitations may include:

- limits on dollar amount of transactions
- restrictions on investment types
- restrictions on industry and/or sector
- socially responsible investing guidelines
- timing restrictions

Before accepting discretionary authority, Fortune 45, LLC ensures that the Client(s) understand(s) and approve(s) this authority. Furthermore, Fortune 45, LLC discusses the ability for Clients to impose certain restrictions, some of which are listed above. As with any advisory relationship, the Client works with his or her Fortune 45, LLC Advisor Representative to complete the Investment Policy Statement, which further assures that Fortune 45, LLC acts in the best of interest of each Client, and upholds any and all desired restrictions.

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

**A.** We do not vote Client securities on behalf of Clients. Additionally, we do not provide advice on how the Client should vote.

**B.** We do not have authority to vote Client securities. Clients will receive proxies and other solicitations directly from the custodian or transfer agent. If any proxy materials are received on behalf of a Client, they will be sent directly to the Client or a designated representative who is responsible to vote the proxy.

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

**A.** We may require advisory management fees to be paid in advance. Fees based on hourly rate services may be invoiced to Clients as services occur, or estimated in advance, and reconciled at end of service. Any fixed fee arrangements may require a portion of the fixed fee payment to be paid in advance, with the balance due upon completion. Under no circumstances will we require or retain prepayment of more than \$1,200, more than six months in advance from any Client.

**B.** Fortune 45, LLC does have discretionary authority over Client funds or securities, but we have no financial commitments that impair our ability to meet contractual and fiduciary commitments to Clients.

**C.** Neither Fortune 45, LLC, nor any of the principals, have been the subject of a bankruptcy petition at any time in the past.

#### **Exhibit A - Summary of Material Changes**

In light of the pending TD Ameritrade and Charles Schwab merger/acquisition, Fortune 45, LLC is registered under both TD Ameritrade and Charles Schwab Advisor Platforms. As such, Fortune 45, LLC and its Advisors may recommend opening accounts at either TD Ameritrade or Charles Schwab.

As of the end of 2021, Fortune 45 has been granted move money authority and maintains SLOA's. Please see Item 15 for more information.