



## **Form ADV Part 2A**

### **Item 1 Brochure Cover Page**

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**This brochure provides information about the qualifications and business practices of Sanchez Wealth Management Group, LLC. If you have any questions about the contents of this brochure, please contact us. 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. Registration does not imply a certain level of skill or training.**

**Additional information about Sanchez Wealth Management Group, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2     Material Changes**

Sanchez Wealth Management Group, LLC (“Advisor”) has not made any material changes to its ADV Part 2A (“Brochure”) since its last annual amendment dated March 22, 2023.

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## Item 4      **Advisory Business**

Sanchez Wealth Management Group, LLC (the “Firm” or “Advisor”) is a limited liability corporation formed under Florida law and is registered as an investment advisor with the Securities and Exchange Commission (“SEC”) pursuant to the Investment Advisers Act of 1940.<sup>1</sup> The Firm was established in March 2010 by Chris Sanchez, the Firm’s President and owner, and has been registered as investment advisor since November 2013.

The Advisor uses its Proactive Holistic Wealth Management Process, to organize client assets, insurance, liabilities, and estate documents to help simplify, consolidate and integrate the aspects of their financial future. The Advisor helps clients define their long-term investment objectives and build personalized investment portfolios designed to achieve them.

Advisory services include portfolio management, financial planning, and consulting services. This Brochure provides information about the Advisor and its advisory services. The Advisor provides information in a separate disclosure brochure for its services offered through the Investment Management Program II. This program is closed and only available to legacy clients. More information on this program is available from a client’s IAR or go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The Advisor provides advisory services for the following types of investments: equity securities, warrants, options, debt securities, real estate investment trusts (“REITs”), mutual funds, closed end funds, exchange traded funds (“ETFs”), unit investment trusts, private placements, limited partnerships, structured products, alternative investments, annuities and life insurance contracts.

### *Investment Management Program I*

The Advisor provides ongoing investment advice and management of a customized client portfolio on a discretionary basis according to the client’s investment objective and financial situation. The Advisor develops model portfolios and invests in accordance with the target allocations of the models chosen for the client. The Advisor periodically reviews the allocation and performance of the model portfolios and reallocates the client’s account accordingly, if necessary. Reallocation of the portfolio may result in a client being charged additional fees by the broker-dealer, see “Fees and Compensation: Brokerage Account Fees” for additional information.

The Advisor provides advice on the purchase and sale of various types of investments, such as mutual funds, ETFs, variable annuity subaccounts, REITs, equities, and fixed income securities. The Advisor’s advice is tailored to the individual needs of the client based on the client’s investment objectives. A client may impose restrictions on investing in certain securities or groups of securities by indicating any restrictions in the Investment Advisory Agreement. The Advisor will conduct regular portfolio, investment, and planning reviews to help ensure a client’s financial objectives are consistent with the client’s investment portfolio.

As of January 25, 2024, the Advisor had \$342,155,112 of regulatory assets under management managed on a discretionary basis and a total of \$380,078,547 including assets under advisement.

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<sup>1</sup>Registration does not imply a certain level of skill or training.

If you choose to engage the Advisor's services, you will enter into a written Investment Advisory Agreement and be charged an advisory fee for the Advisor's services. The client is charged separate fees for brokerage and execution services provided by the broker-dealer maintaining custody of the client's account.

Investment adviser representatives of the Advisor are also associated with LPL Financial as broker-dealer registered representatives ("Dually Registered Persons"). In their capacity as registered representatives of LPL Financial, certain Dually Registered Persons can earn commissions for the sale of securities or investment products that they recommend for brokerage clients. They do not earn commissions on the sale of securities or investment products recommended or purchased in advisory accounts through the Advisor. Clients have the option of purchasing many of the securities and investment products the Advisor makes available to its clients through another broker-dealer or investment adviser. However, when purchasing these securities and investment products away from the Advisor, the client will not receive the benefit of the advice and other services the Advisor provides.

#### *Separately Managed Account Programs*

The Advisor may recommend separately managed accounts. Under these accounts, the Advisor will introduce the client to, and advise on the selection of, independent portfolio manager(s) who provide discretionary management of individual portfolios using a variety of different securities analysis methods, sources of information and investment strategies. Clients receive separate disclosure from such portfolio managers regarding any such portfolio manager's advisory services.

The Advisor selects the appropriate independent portfolio manager(s), based upon the client's financial needs and investment objectives. The unaffiliated portfolio manager establishes custodial facilities, monitors performance, provides clients with performance accounting and other administrative services, and handles certain trading activities.

The Advisor provides initial due diligence on third party money managers and ongoing reviews of their management of client accounts. In order to assist a client in the selection of a third-party money manager, the Advisor typically gathers information from the client about their financial situation, investment objectives, and reasonable restrictions they can impose on the management of the account, which are often very limited. It is important to note that the Advisor does not offer advice on any specific securities or other investments in connection with this service. Investment advice and trading of securities is only offered by or through the third-party money manager to the client.

The Advisor periodically reviews the third-party money manager's reports provided to the client, but no less often than on an annual basis. The Advisor may contact the client from time to time, as agreed to with the client, in order to review their financial situation and objectives; communicate information to the third-party money manager as warranted; and assist the client in understanding and evaluating the services provided by the third-party money manager. The client will be expected to notify the Advisor of any changes in his/her financial situation, investment objectives, or account restrictions that could affect their account. The client may also directly contact the third-party money manager managing the account or sponsoring the program.

### Consulting Services

The Advisor provides consulting services. The Advisor's advice takes into account information collected from the client such as financial status, investment objectives, and tax status, among other data. The Advisor will deliver to the client a written analysis or report as part of its services if selected in the Investment Advisory Consulting Agreement. The Advisor tailors the consulting services to the individual needs of the client based on the client's investment objectives.

The Advisor does not have any discretionary investment authority when offering consulting services. The Advisor will make recommendations as to general types of investment products or securities that may be appropriate for a client to consider and may also provide recommendations regarding specific investments or securities.

For consulting services associated with retirement plans, the Advisor's recommendations will be limited to the investment options available within the client's retirement plan and other securities that may be available in brokerage windows or other similar plan arrangements that enable participants to select investments beyond those designated by the client's retirement plan (e.g. mutual funds, exchange traded funds, collective investment trusts, pooled separate accounts, allocations among annuity sub-accounts, publicly traded employer stock/company stock). The Advisor does not provide any advice or recommendations regarding any participant loans from a client's retirement plan assets.

The client retains the sole responsibility for determining whether to implement any recommendations made by the Advisor and for placing any resulting transactions. The Advisor does not provide ongoing consulting services and does not have discretionary authority with respect to the client's assets.

A conflict of interest exists between the Advisor and the interests of the client if Consulting Services include recommendations for products or services the Advisor provides. A client is under no obligation to act upon the Advisor's recommendation.

If a client elects to act on any of the Advisor's recommendations, the client is under no obligation to affect the transaction through the Advisor.

### Financial Planning

The Advisor provides the client with financial planning services to aid them in defining personal financial goals and objectives related to their investment objectives and risk tolerances. The Advisor will complete a financial plan through examination of the client's current financial situation, which includes a review of the client's investment objectives, time horizon, and risk parameters, as well as a review of the client's assets and liabilities, income, cash flow, and estate issues.

The client retains the sole responsibility for determining whether to implement any recommendations made by the Advisor and for placing any resulting transactions. The Advisor does not provide ongoing financial planning services and does not have discretionary authority with respect to the client's assets unless the client enters into a portfolio management investment advisory agreement with the Advisor.

A conflict of interest exists between the Advisor and the interests of the client if a Financial Plan includes recommendations for products or services the Advisor provides. The client is under no obligation to act upon the Advisor's recommendation. If the client elects to act on any of the Advisor's recommendations, the client is under no obligation to affect the transaction through the Advisor.

## **Item 5        Fees and Compensation**

### **Investment Management Program I**

#### ***Investment Advisory Fees***

Investment advisory fees for portfolio management services are based on the value of assets managed by the Advisor; calculated as a percentage of assets under management. This fee is compensation for advisory services and portfolio management rendered by the Advisor.

There is a minimum investment of \$100,000, although the Advisor may accept smaller accounts at its discretion. The Advisor charges no more than 2.00% annually for its portfolio management services. The amount of the investment advisory fee will be set out in the Investment Advisory Agreement executed by the client at the time the relationship is established.

The investment advisory fee is negotiated on a client-by-client basis depending on the size, complexity and nature of the portfolio managed and will be set forth in the Investment Advisory Agreement. Because the Advisor's fees are negotiated, not all clients will pay the same fees. The client may pay a higher or lower fee depending on considerations such as the size of the client's account, the amount of time the client has maintained an account with the Advisor, and/or the combined market value of related portfolios. While the Advisor believes that its investment advisory fees are competitive, the client may find lower or higher fees for comparable services from other sources.

Investment advisory fees are charged quarterly in advance as a percentage of the portfolio value on the last business day of the previous quarter or the last value provided by the custodian. These asset-based fees are assessed on all billable assets under management, including securities, cash, and money market funds. The initial advisory fee is deducted at the end of the first quarter in which at the time the account is established at the custodian and will include the prorated amount for the initial quarter. Subsequent advisory fees will be assessed at the beginning of each quarter thereafter and will be based on the value of the account value as of the close of business on the last business day of the preceding quarter. At the time of a subsequent advisory fee assessment, the advisory fee will be adjusted for deposits and withdrawals during the prior quarter pro rata based on the asset value of the transaction and based on the fee rate in effect at the time of the assessment.

The Advisor may make amendments to the investment advisory fee outlined in the Investment Advisory Agreement at any time with at least thirty (30) days written notice to the client.

#### ***Automatic Debiting of Investment Advisory Fees***

Upon establishing an account with the Advisor, the client will authorize and direct the client's custodian broker-dealer to debit the client's account each investment advisory fee payable from the account which will result in the client's custodian broker-dealer sending the investment advisory fee payable directly to the Advisor. The custodian will send, at minimum, quarterly account statements to the client. Neither the Advisor nor its associated persons will accept delivery of the client's securities or funds in the name of the Advisor or its associated person.

If the client's account does not maintain a sufficient cash or money market balance to cover the investment advisory fees or is restricted from automatic debiting of fees, the client may deposit

additional funds (subject to certain restrictions for IRA accounts and Qualified Retirement Plans) or make payment in an alternative manner acceptable to the Advisor. If such funds are not deposited, certain securities in the client's account may be liquidated in an amount sufficient to cover such debits.

### *Brokerage Account Fees*

The Advisor's investment advisory fees are separate from charges assessed by third parties, such as broker-dealers, custodians, or mutual fund companies.

The client will incur brokerage and other transaction costs charged by broker-dealer(s) executing the transactions and the custodians maintaining the client's assets. These costs can include, but are not limited to, brokerage transaction and money movement costs, commissions, ticket charges, fed fund wire fees, custodial fees, and margin interest. These costs are in addition to the Advisor's investment advisory fees and are not shared with the Advisor.

The client should be aware that the Advisor offers similar services through its Investment Management Program II to legacy clients. Because brokerage and transaction costs are included in the advisory fee, participating clients can benefit during periods of lower trading higher activity and pay more during periods of lower trading activity. To limit this conflict, the Advisor no longer offers this program and limits it to legacy clients utilizing the program.

Mutual funds charge an advisory fee in addition to the management fee the client pays to the Advisor. Some funds also assess administrative fees and 12b-1 fees. The Advisor does not receive any portion of these fees. These fees are in addition to the investment advisory fees the Advisor charges. The client does not pay these fees directly; rather the fees are deducted from the mutual fund's assets and will affect the performance of the investment. The advisory, administrative, and 12b-1 fees are described in the fund's prospectuses. Mutual fund share prices and execution costs differ based on share class. In certain instances, the Advisor will review the cost of a fund's share classes in conjunction with execution costs to assure that the Advisor meets its fiduciary duty to obtain best execution.

When investing in ETFs, the client will bear the ETF's proportionate share of fees and expenses as an investor in the ETF. The client does not pay the fees directly; rather fees are deducted from the ETF's assets and will affect the performance of the investment.

The Advisor recommends the client establish brokerage accounts with LPL Financial LLC ("LPL"), a FINRA-registered broker-dealer and member SIPC, to maintain custody of the client's assets, and to effect trades for the client's accounts. Choosing an alternate broker-dealer may result in additional expenses, fees, and lack of efficiency in reporting account information because the Advisor has established a relationship with LPL to facilitate certain additional services, which are outlined in the section "Brokerage Practices" below.

Additionally, if the client does not use LPL, the Advisor will reserve the right not to accept the account. For information about the factors the Advisor considers in selecting and/or recommending brokerage firms, see "Brokerage Practices" below.

LPL makes certain mutual funds and ETFs available to the Advisor for no transaction fee ("NTF Securities"). The client should understand that while the Advisor attempts to utilize NTF Securities to



lower costs to the client, the Advisor's investment selections will include mutual funds and ETFs that incur trading fees. Such decisions have an impact on the investment performance of the client's account.

### *Termination*

The client has the right to terminate the Investment Advisory Agreement for investment advisory services without penalty within five (5) business days after entering into an Investment Advisory Agreement. Thereafter, the Investment Advisory Agreement will terminate upon the Advisor's receipt of the client's written notice. The Advisor may cease providing investment advisory services upon its written notice of termination of the Investment Advisory Agreement to the client or upon the occurrence of certain events as described in the Investment Advisory Agreement.

Upon the effective date of termination, fees due to the client will be refunded on a prorated share, based on the remaining days of the quarter that have been prepaid. However, if the account is closed within the first six (6) months by the client or as a result of withdrawals that bring the account value below the required minimum, the Advisor reserves the right to retain the pre-paid quarterly investment advisory fee for the current quarter in order to cover the administrative costs of establishing the account (for example, the costs related to transferring positions in and out of the account, data entry in opening the account, reconciliation of positions in order to issue quarterly performance reports, and re-registration of positions).

### *Separately Managed Account Program Fees*

The client that invests in separately managed account programs will pay an ongoing advisory fee to compensate the Advisor, as well as the independent portfolio manager. The fee charged may be up to 2.50% annually. The client can also pay custodial fees and transaction charges, depending on the custodian selected by the independent portfolio manager(s).

There can also be additional fees for the underlying investments, such as mutual funds or ETFs, which will result in a reduction of that product's net asset value.

Client fees are payable quarterly in advance based on assets under management using the fee schedules set out in the independent portfolio manager(s)' Disclosure Brochure(s).

Separate written disclosures provided to the client include a copy of the independent portfolio manager's Form ADV Part 2, all relevant Brochures, a Solicitation Disclosure Statement detailing the exact fees the Advisor is paid and a copy of the independent portfolio manager's privacy policy. The independent portfolio managers who the Advisor recommends will not directly charge the client a higher fee than would have been charged without the Advisor introducing the client to the independent portfolio manager.

### *Financial Planning and Consulting Fees*

The Advisor charges a flat fee of no more than .10% of the client's net worth for its financial planning and consulting services, the cost for these services will be outlined in the Financial Planning or Consulting Agreement. If a planning engagement requires hourly billing in lieu of a fixed fee, the cost for those services will be outlined in the Financial Planning or Consulting Agreement. Fees are negotiated on a client-by-client basis depending on the size, complexity and nature of the client's portfolio and will be set forth in the Financial Planning or Consulting Agreement. There is no minimum asset requirement for a financial planning or consulting engagement. The client shall pay half the fee upon engagement. Upon

completion of the financial plan or consulting services, the Advisor will present an invoice reflecting the remaining fees owed for services.

### *Termination*

The client has the right to terminate the Financial Planning or Investment Advisory Consulting Agreement without penalty within five (5) business days after entering into the Agreement. Thereafter, the Agreement will terminate upon the Advisor's receipt of the client's written notice. The Advisor may terminate providing investment advisory services upon written notice of termination to the client or upon the occurrence of certain events as described in the Financial Planning or Investment Advisory Consulting Agreement.

For financial planning services the Financial Planning Agreement automatically terminates, unless otherwise agreed in writing, upon delivery of the financial plan.

For consulting services, the Investment Advisory Consulting Agreement automatically terminates, unless otherwise agreed in writing, upon final consultation with the client.

## **Item 6 Performance Based Fees and Side by Side Management**

### *Performance-Based Fees*

The Advisor does not accept performance-based fees, which are fees based on a share of capital gains or appreciation of the assets of the client.

### *Side-By-Side Management*

Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. The Advisor does not participate in side-by-side management.

## **Item 7 Types of Clients**

The Advisor generally offers advisory services to individuals, pension, and profit-sharing plans including plans subject to Employee Retirement Income Security Act of 1974 ("ERISA"), corporations and other business entities, trusts, estates, and charitable organizations.

There is a minimum investment of \$100,000 for the Investment Management Program I, although the Advisor may accept smaller accounts at its discretion.

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

The Advisor's investment strategies include both strategic and tactical asset allocation as well as an unconstrained approach. All our strategies begin with a top-down macroeconomic view of the capital markets and capital trends. The Advisor constructs portfolios based on our views of those markets over three (3) to five (5) year time horizon but with watchful eye on how short-term events impact risk. Strategic and Tactical allocation models stay largely invested at all times while the unconstrained approach will utilize cash as a defensive tool during periods of high volatility and/or risk. The Advisor will also utilize hedging strategies where appropriate.

Resources include multiple third-party independent research (both paid and non-paid), economic conferences, due diligence meetings, and technical analysis. Factors the Advisor considers include, but are not limited to, market trend analysis, valuation considerations, capital fund flows, current economic conditions, and prevailing foreseeable risks and/or conflicts.

The client is advised and should understand that:

- Investing in securities involves risk of loss that clients should be prepared to bear;
- Achievement of the stated investment objective is a long-term goal for the portfolios;
- Asset allocation does not ensure a profit or protect against a loss;
- There is no guarantee that model portfolio allocations will produce the desired results. The results will depend upon the ability of the portfolios to achieve their investment objectives;
- Past performance is not a guarantee of future results;
- Market conditions, interest rates, and other investment related risks may cause losses in their portfolio;
- Risk parameters established for the client's portfolio are guidelines only; the selected risk parameters may be exceeded and index comparisons may outperform the client's portfolio;
- The client's portfolio value is subject to a variety of factors such as liquidity and volatility of the securities markets; and
- There may be a higher level of risk with inverse ETFs because to accomplish the client's objectives, the client may pursue a range of investment strategies through the use of swaps, futures contracts and other derivative instruments.

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

Registered investment advisors are required to disclose specific information related to certain legal or regulatory events that may be material to choosing an advisor. The Advisor and its Covered Persons have not been the subject of any material legal or disciplinary proceedings.

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

Certain employees of the Advisor are Dually Registered Persons. LPL Financial is a broker-dealer that is independently owned and operated and is not affiliated with the Advisor. Please refer to *Item 12* for a discussion of the benefits the Advisor receives from LPL Financial and the conflicts of interest associated with receipt of such benefits.

For non-advisory accounts held at LPL, a Sanchez Wealth Management Group, LLC IAR receives commissions on securities transactions as a registered representative through their affiliation with LPL. Also, as a result of this relationship, LPL has access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about the client of the Advisor, even if the client does not establish any account through LPL. If you would like a copy of the LPL privacy policy, please contact the Advisor.

Notwithstanding the IARs' affiliation with LPL, the Advisor is solely responsible for the investment advice rendered. Advisory services are provided separately and independently of the brokerage services the IARs offer through LPL unless otherwise disclosed.

The potential for the receipt of commissions or advisory fees give an IAR an incentive to recommend an investment or investment services based on the compensation received, rather than on the client's needs. The Advisor addresses these conflicts by disclosing this potential conflict to the client to assure that the client's interests are considered and IARs must recommend securities products that are suitable for the client. Further, IARs do not earn commissions on the sale of securities or investment products recommended or purchased in advisory accounts. The client may direct any questions regarding the compensation the IAR receives when recommending a product to the IAR. The client is under no obligation to purchase investment products through the IAR.

IARs are insurance licensed in one or more state and may recommend the purchase of insurance products through an affiliated company of LPL or other insurance companies and agencies. Such IARs receive commissions for the sale of such insurance products. The ability to receive commissions from the sale of insurance products presents a conflict of interest in that it gives an incentive to recommend a particular insurance product over a different insurance product or a different investment based on the compensation received, rather than on the client's needs.

The Advisor addresses these conflicts by disclosing this potential conflict to the client to assure that the client's interests are considered.

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

Sanchez Wealth Management Group, LLC has adopted a Code of Ethics ("Code") pursuant to industry standards. The Code is predicated upon serving the best interest of the client. All Covered Persons must at all times reflect the professional standards expected of those engaged in the investment advisory business, and shall act within the spirit and the letter of the federal, state and local laws and regulations pertaining to investment advisors and the general conduct of business. These standards require all personnel to be judicious, accurate, objective and reasonable in dealing with both the client and other parties so that personal integrity is unquestionable.

The Code of Ethics is certified annually with Covered Persons of the Firm. For a copy of the Code of Ethics, a written request should be sent to 5150 Belfort Road, Ste. 702, Jacksonville, FL 32256, attention: Chris Sanchez.

On occasion, the Advisor buys or sells securities that it recommends to the client, or may recommend securities transactions in which the Advisor or its Covered Persons has some financial interest. This practice would create a conflict of interest if the transactions were structured to trade on the market causing an impact on recommendations made to the Advisor's clients. The Chief Compliance Officer reviews each Covered Person's personal transactions quarterly. The Advisor's Code of Ethics requires pre-approval of personal transactions in some cases. The Advisor believes that it has adopted sufficient controls so that personal transactions are consistent with advice given to the client.

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

Sanchez Wealth Management Group, LLC does not provide brokerage services.

The Advisor recommends that the client establish brokerage accounts with LPL Financial LLC ("LPL"), a FINRA-registered broker-dealer, member SIPC, to maintain custody of the client's assets and to effect trades for their accounts. LPL Financial provides brokerage and custodial services to independent

investment advisory firms, including the Advisor. For the Advisor's accounts custodied at LPL Financial, LPL Financial is compensated by clients through commissions, trails, or other transaction-based fees for trades that are executed through LPL Financial or that settle into LPL Financial accounts. For IRA accounts, LPL Financial generally charges account maintenance fees. In addition, LPL Financial also charges clients miscellaneous fees and charges, such as account transfer fees. Although the Advisor recommends that clients establish accounts at LPL, it is the client's decision to custody assets with LPL or another custodian. The Advisor is independently owned and operated and not affiliated with or supervised by LPL.

While LPL Financial does not participate in, or influence the formulation of, the investment advice the Advisor provides, certain supervised persons of the Advisor are Dually Registered Persons. Dually Registered Persons are restricted by certain FINRA rules and policies from maintaining client accounts at another custodian or executing client transactions in such client accounts through any broker-dealer or custodian that is not approved by LPL Financial. As a result, the use of other trading platforms must be approved not only by the Advisor, but also by LPL Financial.

Clients should understand that not all investment advisers recommend that the client's custody their accounts and trade through specific broker-dealers. Clients may utilize the broker-dealer of their choice and have no obligation to purchase or sell securities through LPL. However, if the client does not use LPL, the Advisor will reserve the right not to accept the account. LPL is obligated to seek the best execution pursuant to FINRA Rule 2320 for all trades executed, however better executions may be available via another broker-dealer based on a number of factors including volume, order flow, and market making activity. For client accounts maintained in LPL's custody, LPL generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through LPL or that settle into LPL accounts.

Clients should also be aware that for accounts where LPL Financial serves as the custodian, the Advisor is limited to offering services and investment vehicles that are approved by LPL Financial and may be prohibited from offering services and investment vehicles that may be available through other broker-dealers and custodians, some of which may be more suitable for a client's portfolio than the services and investment vehicles offered through LPL Financial.

Clients should also understand that LPL Financial is responsible under FINRA rules for supervising certain business activities of the Advisor and its Dually Registered Persons that are conducted through broker-dealers and custodians other than LPL Financial. LPL Financial charges a fee for its oversight of activities conducted through these other broker-dealers and custodians. This arrangement presents a conflict of interest because the Advisor has a financial incentive to recommend that clients maintain their accounts with LPL Financial rather than with another broker-dealer or custodian to avoid incurring the oversight fee.

LPL's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. LPL is obligated to seek the best execution pursuant to FINRA Rule 2320 for all trades executed, however better executions may be available via another broker-dealer based on a number of factors including volume, order flow and market making activity.

In recommending broker-dealers, the Advisor considers “best execution.” Best execution means in recommending a broker-dealer, the Advisor will comply with its fiduciary duty to obtain best execution and as defined by the Securities Exchange Act of 1934 and will take into account such relevant factors as (i) price; (ii) the broker-dealer’s facilities, reliability, and financial responsibility; (iii) the ability of the broker-dealer to effect transactions, particularly with regard to such aspects as timing, order size, and execution of order; (iv) the research and related brokerage services provided by such broker-dealer to the Advisor, notwithstanding that a client’s account may not be the direct or exclusive beneficiary of such services; and (v) any other factors the Advisor considers to be relevant.

In connection with Separately Management Account program, the independent portfolio manager sponsor may require that the client’s direct brokerage to a broker-dealer, including the independent portfolio manager sponsor or broker-dealer affiliated with the independent portfolio manager sponsor. In addition, in connection with customized advisory services, the client may direct transactions be executed through LPL or specified third-party broker-dealer. The client should understand that not all advisors require a client to direct brokerage. By directing brokerage to a broker, the client may be unable to achieve the most favorable execution of the client’s transactions and may pay more in transaction charges than other broker-dealer firms. Therefore, directed brokerage may cost the client more money. For more information about the brokerage practices of an independent portfolio manager sponsor, the client should refer to the Disclosure Brochure for the applicable independent portfolio manager.

#### *Research & Other Soft Dollar Benefits*

LPL also makes available to the Advisor other products and services that benefit the Advisor but may not directly benefit the client’s accounts. Many of these products and services may be used to service all or some substantial number of the client’s accounts, including accounts not maintained at LPL.

LPL’s products and services that assist the Advisor in managing and administering the client’s accounts include software and other technology that (i) provide access to the client’s account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of the Advisor’s fees from the client’s accounts; and (v) assist with back-office functions, recordkeeping, and client reporting.

Services provided by LPL to the Advisor include research (including mutual fund research, third-party research, and LPL’s proprietary research), brokerage, custody, and access to mutual funds and other investments that are available only to institutional investors or would require a significantly higher minimum initial investment. In addition, LPL makes available software and other technologies that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information, quotation services, and other market data, assist with contact management, facilitate payment of fees to the firm from client accounts, assist with performance reporting, facilitate trade allocation, and assist with back-office support, record-keeping, and client reporting. LPL also provides access to financial planning software, practice management consulting support, best execution assistance, consolidated statements assistance, marketing and educational materials, technological and information technology support, and LPL corporate discounts. Many of these services are used to service all or a substantial number of the Advisor’s accounts.

LPL provides the Advisor with other services intended to help the Advisor manage and further develop its business. Some of these services assist the Advisor to better monitor and service program accounts

maintained at LPL Financial, however, many of these services benefit only the Advisor, for example, services that assist the Advisor in growing its business. These support services and/or products may be provided without cost, at a discount, and/or at a negotiated rate, and include practice management-related publications; consulting services; attendance at conferences and seminars, meetings, and other educational and/or social events; marketing support; and other products and services used by the Advisor in furtherance of the operation and development of its investment advisory business. LPL also provides other benefits such as educational events or occasional business entertainment of the Advisor's personnel.

In evaluating whether to recommend the client's custody their assets at LPL, the Advisor takes into account the availability of some of the foregoing products, services, and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by LPL, which can create a potential conflict of interest.

The Advisor addresses this conflict by conducting quarterly reviews of a sampling of execution quality and annual reviews of commission rates, trade error rates, quality of client reporting, block trading, reputation, and financial strength of the broker-dealer. The quarterly and annual reviews include a comparison to other industry participants offering the same or similar services.

The Advisor subscribes to research and other web-based services published by Natixis Global Asset Management ("Natixis") and Blackrock Model Portfolios. BlackRock and Natixis do not charge the Advisor a subscription fee for their services, however their model portfolios may include recommendations for investment products offered or managed by BlackRock, Inc., including iShares and BlackRock Mutual Funds or Natixis. The Advisor may attend user conferences sponsored by these companies and have access to consultants for which they do not charge the Advisor. Because BlackRock, Inc. and Natixis affiliates earn revenue from investments in their respective investment products, they do not charge the Advisor fees for these services. These discounts create a conflict of interest for the Advisor.

### Aggregation of Orders

When the Advisor buys or sells the same security for more than one client, it may place concurrent orders with the brokerage firm to be executed together as a single "block" in order to facilitate orderly and efficient execution. Where orders are aggregated, each client's account will be charged or credited with the average price per unit. The Advisor receives no additional compensation or remuneration from aggregating transactions.

### Directed Brokerage

LPL will be the primary broker/dealer and custodian the Advisor recommends due to the relationship that its associated persons have with LPL. LPL may limit or restrict the broker/dealer or custodian platforms for LPL registered representatives (that are also independently registered) due to LPL's duty to supervise the transactions implemented by those individuals.

If the client directs the Advisor to use a specific firm for brokerage or custodial services or maintains an account with LPL because their IAR is affiliated with LPL, the client should be aware that there may be brokerage and execution services available elsewhere at lower cost. The client should consider whether directing brokerage to a particular broker-dealer firm may result in certain costs or disadvantages, such as higher commissions, less favorable executions, or being limited in investment options.

If the client's account is invested in mutual funds or variable annuities, these directed brokerage arrangements might limit the investment options for the Advisor's use in managing the client's account. The reasons for a brokerage firm to limit these options are many, such as the brokerage firm offers only its proprietary investment products or is paid a higher commission when the volume of a particular product attains a certain level. In addition, with directed brokerage arrangements, the client is responsible for negotiating the brokerage firm's commission rates and other fees.

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

For client accounts maintained at LPL, LPL will deliver account statements at least quarterly that include a summary of account performance. Portfolio performance summaries provide historical information regarding the client's investments and should not be relied upon as predictive of future performance.

The value of securities held in a client's portfolio will be valued by the custodian, broker-dealer, or other investment vendor. Some investments, such as alternative investments or private placements, values are based upon the value provided by the investment's manager which may be monthly, quarterly, but not less than annually; often these values are estimates made by the alternative investment's manager and may not be the liquidation value.

The Advisor's President reviews client account activity no less than quarterly. The level of review is determined by the complexity of the portfolio at the discretion of the Advisor's President. Other factors that may trigger review are changes in economic or market conditions, and individual client situations.

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

The Advisor acts as a referral agent to third party investment advisor firms and receives referral compensation from such investment advisor firms. Disclosure regarding the compensation to be received from these referral relationships is made to the client at the time of the referral.

The Advisor endeavors at all times to put the interests of the client first. Clients should be aware, however, that the receipt of economic benefits by the Advisor or its related persons in and of itself creates a potential conflict of interest.

### **Item 15      Custody**

The Advisor does not maintain custody of the client's assets. The Custodian will send quarterly account statements to the client. Neither the Advisor nor its associated persons will accept delivery of the client's securities or funds in the name of the Advisor or its associated person.

Executing broker-dealers, custodians, or other investment vendors provide account statements and confirmations. The Advisor urges the client to compare statements received from custodians with any reports the Advisor may provide. If there are any differences, please contact the Advisor immediately for resolution.

### **Item 16      Investment Discretion**

The Advisor exercises investment discretion over all client accounts. Upon entering into an advisory relationship, the client will execute an Investment Advisory Agreement with the Advisor granting Sanchez Wealth Management Group, LLC power of attorney to exercise discretion over the selection of



the investments, timing of placing the trade, and amount of securities to be bought or sold. This investment authority may be subject to specified investment objectives and guidelines and/or conditions imposed by the client in writing, as described above in “Advisory Business.”

**Item 17      Voting Client Securities**

The Advisor does not vote proxies on behalf of client securities. The client maintains exclusive responsibility for: (i) directing the manner in which proxies solicited by issuers of securities they beneficially own will be voted, and (ii) making all elections relative to mergers, acquisitions, tender offers, bankruptcy proceedings or other types of events pertaining to the client’s investments.

The Advisor does not render advice to or take any actions on behalf of the client with respect to any legal proceedings, including bankruptcies and shareholder litigation, to which any securities or other investments held in the client’s account, or the issuers thereof, become subject, and does not initiate or pursue legal proceedings, including without limitation shareholder litigation, on behalf of the client with respect to transactions, securities or other investments held in the client’s accounts. The right to take any actions with respect to legal proceedings, including shareholder litigation, with respect to transactions, securities or other investments held in the client’s account is expressly reserved to the client.

**Item 18      Financial Information**

The Advisor has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to the client nor has it been the subject of a bankruptcy proceeding.