

**ITEM 1  
COVER PAGE**

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**This brochure provides information about the qualifications and business practices of Affinity Financial Advisory. If you have any questions about the contents of this brochure, please contact us at (313) 294-9290 or [nino@affinityfa.com](mailto:nino@affinityfa.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State securities authority.**

**Additional Information about Affinity Financial Advisory is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Affinity Financial Advisory is a Registered Investment Advisor in the State of Michigan. Please note that registration does not imply a certain level of skill or training.**

**ITEM 2  
MATERIAL CHANGES**

email address above has changed from ninoafa@yahoo.com

**ITEM 4 ADVISORY BUSINESS** – structured products were added

**ITEM 5 FEES & COMPENSATION** – some profile fees changed; separate Cash Substitute & Short-term Bond fee schedule added

**ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS** –

Profiles: bonds was dropped from Short-term bonds; Short-term is now Very Conservative; Cash Substitutes and Diversified were added; Tactical (description changed)

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## ITEM 4 ADVISORY BUSINESS

### A. Description of our business

Affinity Financial Advisory (“Affinity”) has been a Registered Investment Advisor in Michigan since 2005. Gaetano “Nino” Cappelletti owns it 100%.

### B. Description of the advisory services we offer:

Affinity specializes in investment account management and provides other financial advice and analysis. This includes, but is not limited to, the areas of

retirement • tax • insurance • estate • debt • cash flow •  
education • charitable giving • business.

In managing investment accounts, Affinity uses a three-part approach.

- The first is to understand the client’s financial situation in as much detail as the client is willing to provide.
- Secondly, once the client’s financial situation has been assessed, each of the clients’ accounts is assigned an **investment account profile**.
- Finally, each security within each investment account profile is tracked using technical analysis to determine whether the security should be bought, continue to be held or sold.

See **ITEM 8** for more detail on Affinity’s investment approach.

In managing investment accounts, Affinity uses the following **security types**:

mutual funds • exchange traded funds (ETFs) • variable annuity funds • structured products • closed end funds (CEFs) • individual stocks • brokered CDs • options

Within each **security type** above there are individual **securities** - for example the ABC and the XYZ mutual funds. Affinity classifies these individual **securities** by the type of security they represent, or in which they invest. This level of classification is called **asset class**. Examples of **asset classes** include:

- equity – ownership share in a company; also called stock
- bonds – money loaned to an organization in return for interest payments
- alternatives – real estate, commodities, foreign currencies, etc.
- asset allocation – securities that own a mix (equity, bonds & alternatives)

C. If or how we tailor our advisory services to your individual needs

Each client is different and has different needs. Affinity offers a number of **investment account profiles** in an attempt to closely match client needs with an appropriate mix of investments. See **ITEM 8** for more detail.

In addition to profile investing, Affinity will, at its discretion, manage client accounts on a custom basis. Custom account management would involve the client specifying in what they want to invest and Affinity using technical analysis to make the decision as to when those investments are held.

With regard to other (non-investment) financial advice and analysis, Affinity performs standard analysis using financial software, but also provides custom analysis based on each client's specific needs.

D. Wrap fee programs

Affinity does not participate in wrap-fee programs.

E. Amount of assets we manage

As of March 16, 2017, Affinity managed approximately \$31,943,000 all on a discretionary basis.

**ITEM 5  
FEES & COMPENSATION**

A. How we are compensated

The fee schedules for investment account management is –

Assets	Profile	Custom	Cash Substitute	Short-term Bond
\$50,000 – 249,999	1.25	2.00%	.50%	1.00%
250,000 – 499,999	1.00	1.50	.50	1.00
500,000 – 999,999	.85	1.25	.50	.85
1,000,000 – 1,999,999	.75	1.00	.50	.75
2,000,000 – 4,999,999	.65	.90	.50	.65
5,000,000 – 9,999,999	.50	.75	.50	.50
10,000,000 – 24,999,999	.40	.65	.40	.40
25,000,000 – 49,999,999	.30	.50	.30	.30
50,000,000 +	.25%	.25%	.25%	.25%

The fee percentage a client is charged is based on the total of client account balances under Affinity's management at the end of each quarter. The fee percentages listed are annual. The quarterly fee percentage is determined by dividing the annual fee percentage by four. The fee in dollars is calculated account by account as follows:

quarterly fee % X [previous quarter (ending balance + time weighted deposits & withdrawals)]

The fee percentage is not negotiable.

The investment account management fee is designed to include a “normal” amount of other (non-investment) financial advice and analysis. In an extremely rare situation, Affinity may deem it necessary to charge a client in addition to the investment account management fee. This would be a situation where the client requires financial advice and analysis beyond that which is considered normal. In this circumstance, Affinity and the client will discuss the scope and nature of the work and agree on the additional fees in writing. These types of fees would be considered for work requested by the client, not work recommended by Affinity. The charge for this additional work is \$100/hour.

Affinity does not generally provide investment or financial advice and analysis for non-investment management clients on a per-hour or any other basis. Affinity may agree to such work on a negotiated basis, however.

#### B. How our fees are paid

Affinity manages investment accounts at a few different custodians as well as a small number of workplace retirement accounts. Account management fees are only withdrawn from Affinity’s main custodian - TD Ameritrade. Several days prior to withdrawal from the applicable TD Ameritrade accounts, clients receive a fee notification. It shows from which of these accounts, non-TD Ameritrade account fees are to be withdrawn. Fee notifications are sent and fees are withdrawn quarterly.

As part of the process for establishing accounts, clients sign each account application. At TD Ameritrade, the account application includes a Limited Power of Attorney for withdrawing management fees. By initialing this section of the form, clients authorize the withdrawal of Affinity’s fees from these accounts.

Affinity does not encourage the payment of investment management fees in a way other than the withdrawal of fees from accounts. At its discretion, Affinity may allow a client to pay in another way. However, if Affinity allows another payment method and the client takes an unreasonable amount of time to pay, Affinity reserves the right to disallow the alternative payment method.

#### C. Other types of fees

Affinity’s fees do not include the following:

- mutual fund transaction fees
- commissions for exchange traded fund (ETF), stock and option transactions
- monthly and annual fees charged by annuity providers
- the management fees charged by mutual funds and exchange traded funds
- any other related costs and expenses you may pay.

These fees are charged by third parties. Affinity does not receive any portion of these fees. These fees are a necessary part of owning securities and investing.

D. Do we charge in advance

Affinity charges clients on a quarterly basis and in advance. Clients may officially terminate their relationship with Affinity in one of two ways –

- in writing, specifying the exact date for which services are to cease or
- moving money from accounts under Affinity’s management to another custodian.

Overwhelmingly the second option is the most common.

Based on Affinity’s “fee in dollars” calculation in 5(A) above, a client could have a negative billable account balance during a quarter in which they move money out of their Affinity managed account. This negative billable account balance would result in a negative fee which would trigger a refund.

E. Do we get compensated (*commissions*) for the sales of securities

No one at Affinity has a securities license. Based on this, no one at Affinity is authorized to sell securities or other investment products for commissions or any other form of sales compensation.

**ITEM 6  
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Inapplicable

**ITEM 7  
TYPES OF CLIENTS**

Most of Affinity’s clients are individuals; some are high net worth individuals. Affinity also has businesses and charities as clients.

An account size minimum is different from a client size minimum. A client, with a large amount of money under our management, may have a number of accounts. One or more of these accounts may have a very small balance. Because of this, Affinity does not have an account size minimum. As a practical matter, the brokerage Affinity uses to custody our clients’ assets requires \$500 to make an initial mutual fund purchase in a tax deferred account and \$1,000 in a taxable account.

Affinity’s asset minimum for new clients is \$50,000, generally. Affinity reserves the right, however, to 1) work with those whose assets total less than \$50,000, if it believes that there is a good fit and potential for the relationship; and 2) not work with those whose assets total more than \$50,000, if it believes that there is not a good fit.

In addition, Affinity reserves the right to inform current clients that it is choosing to no longer offer them services if one or more of the following conditions exist –

- their managed assets have fallen significantly below \$50,000, especially if caused by persistent withdrawals
- their managed assets are significantly below \$50,000 and the client is not willing to bring other assets under Affinity's management in order to increase the level
- regardless of assets, Affinity determines that it cannot satisfy the service preferences of a client
- the client becomes too difficult to manage within the normal scope of Affinity's approach

The conditions, listed above, are not to be considered exhaustive. There may be other reasons, for which, Affinity might choose to inform a client that it will no longer offer them service.

## ITEM 8

### METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

#### A. Our analysis & strategies

In managing client investment accounts Affinity starts by trying to understand client's financial situation as much as possible. Affinity recommends, but does not require, a **financial review** of prospective clients before beginning investment account management. A **financial review** includes:

income • housing • investment accounts • non-financial (land, collections, etc.) assets • debt • cash flow • budget • financial goals • risk management (insurance) • financial documentation • professional relationships

The financial review provides the basis for general investment and financial recommendations.

If the prospect becomes a client, Affinity performs an **accounts review** for each investment account. This review considers each account's -

- type - examples are IRA, annuity, trust account, etc.
- tax status – are taxes deferred or do security sales trigger taxes
- purpose - examples are retirement, education, etc.
- time horizon - period of time between now and when the money will be needed

After the accounts review, Affinity recommends an **investment account profile** for each account. An investment account profile consists of three levels –

- Program – based on account size
  - One fund – small accounts; uses one mutual or exchange traded fund
  - Fund Management – medium & large sized accounts; uses a mix of mutual and exchange traded funds

- Profile Group – based on the account’s main objective
  - Income [IN]– cash-flow (income) generation from investments
  - Asset Allocation [AA] – diversification across investment asset classes to balance growth and risk
  - Equity [EQ] – growth through stock investing
  - Risk Managed [RM] – risk reduction compared with other profile groups
- Profiles – the specific options within the profile groups
  - Cash Substitutes – ultra short & short maturities with lower rate risk [IN]
  - Short-term – short maturities with lower interest rate risk [IN]
  - Bonds – variety of bond types [IN]
  - Diversified – stocks, bonds & other asset classes that generate income [IN]
  - Max – maximize income with less concern for investment mix [IN]
  - Very Conservative – diversified with a low level of risk [AA]
  - Conservative – diversified with a low to medium level of risk [AA]
  - Moderate – diversified with a medium level of risk [AA]
  - Aggressive – less diversified; high to very high level of risk [AA & EQ]
  - Tactical – go anywhere, potentially less diversified approach [AA]
  - Growth – diversified stock investing; high level of risk [EQ]
  - Variable Annuity w/ GLWB (guaranteed lifetime withdraw benefit) [RM]
  - Variable Annuity with Return of Investment at death [RM]

Not every profile listed above is available in each profile group. The profile groups that offer the profile are in brackets next to the profile – i.e. Bonds...[IN] means that the Bond profile is only offered in the Income group.

Each investment account profile is made up of **individual securities** (see **ITEM 4. B.**). The securities are chosen because they meet certain criteria. For example, in the income profiles, securities are chosen because they generate a certain level of income. If a security does not generate income, it will not be included in these profiles.

Even though a security may generally meet the criteria for inclusion in a profile, Affinity may not hold it at any given time. Affinity uses **technical analysis** to decide when to hold securities as part of the profile.

**What is technical analysis?** It is the use of statistics that relate to the price of a security. The simplest example of this is a moving average. Let’s assume that an investor wants to invest in the ABC fund. The investor might calculate the 200-day moving average of the price for the ABC fund. The 200-day moving average is simply the average of the closing prices of the ABC fund in the last 200 days. The average is said to be moving because it is recalculated every day using the latest 200 days of closing prices. If the ABC fund is trading at a price above the current 200-day moving average, it is believed to have price strength. This is a good time to invest. If the ABC fund is trading at a price below the 200-day moving average, it is said to have price weakness. This is a bad time to invest.

**Why does Affinity use technical analysis?** In its experience, Affinity has come to believe very strongly that technical analysis is the simplest, most effective and efficient strategy for deciding when and in what to invest. Let's take a look at some other strategies.

**Buy and hold** is likely the most common and definitely the simplest way to invest. This approach involves choosing a group of securities in which to invest that make sense based on the investor's situation. A young investor might invest 100% in stocks or stock funds because stocks have historically provided the best return even though they offer a high level of risk. A retired investor might invest heavily in bonds because they offer income and less risk. Once the investor has chosen their mix of investments, they generally hold them for very-long periods of time not concerning themselves with the inevitable ups and downs.

**Fundamental or value based** investing involves analyzing investments to see if they are selling below, at or above their perceived value. For example, if Ford Motor Company's stock is trading at \$15 per share and the company has earnings of \$1 per share, it is trading for 15 times its earnings –  $15 \times \$1$  of earnings = \$15/share. If the stock normally trades for 10 times its earnings, the stock might be seen as not offering good value because it should be trading for \$10 (\$1 of earnings  $\times$  10). It is obvious that this investment philosophy has investors buying securities when they appear to offer good value and selling them when they do not appear to offer good value.

**Market timing** involves making investment decisions based on information that, while indirect, appears to have some relationship to the securities being considered. For example, when the interest rate paid by Treasury bills (mature in a year or less) is low in comparison to those paid by long-term Treasury bonds (mature in five years or more); the economy is believed to be healthy. When the economy is healthy, it is believed to be a good time to invest in stocks. When those same Treasury bills pay interest rates that are higher than the Treasury bonds, the economy is believed to be unhealthy. When the economy is unhealthy, it is not believed to be a good time to invest in stocks.

#### **Affinity, Technical Analysis and the Other Strategies**

Affinity does incorporate buy and hold in its strategy. Technical analysis however, is used to determine when to buy and hold. If the technical analysis indicators used show that securities are generally likely to rise, Affinity will take a buy and hold approach. When the indicators show that investments are generally likely to decline, Affinity will use the indicators security by security to decide when to sell and pursue a non-buy and hold strategy.

Because fundamental/value based investing and market timing involve a great deal of skill, time and access to information, Affinity believes that they are difficult and inefficient strategies for most investors to use successfully.

Just because a security appears to offer value does not mean that it is going to rise anytime soon. Similarly, if it appears not to offer value, it doesn't mean it's going to get cheaper anytime soon.

Just because a relationship like Treasury bill and bond interest rates were helpful in predicting the direction of stocks in the past, doesn't mean that they will be helpful this time around.

Unlike fundamental/value based investing and market timing, technical analysis does not rely on what should happen. Technical Analysis relies on what is happening. In the moving average example from above, in order for the price of a security to rise above the average it had to strengthen in price up to that point. In order for the security to fall below the average it had to weaken in price up to that point. Technical analysis uses indicators like moving averages to participate in trends that have already begun to unfold instead of predicting a trend for which there is yet no evidence.

Earlier in this section, the 200-day moving average was given as a simple example of a technical analysis indicator. That example was not meant to imply that Affinity only uses the 200-day moving average in making investment decisions. In fact, Affinity uses that indicator for reference purposes, not to make investment decisions. Affinity's system combines the use of a few other indicators to make investment decisions.

Even though Affinity uses technical analysis, this does not mean that there is frequent trading in client accounts. Affinity's long-term indicators allow for investment periods that generally last several months to a few years.

### **Investing and Risk**

**The information presented in this section is general in nature and does not apply specifically to Affinity.** Regardless of the investment strategy used, investing involves risk of which all investors should be aware. Risk is usually thought of as the potential for loss. The table below illustrates the losses incurred by the average mutual fund in nine different categories. The categories are listed from the most conservative (short-term bond) to the most aggressive (aggressive growth). Please also note that not every year measured resulted in a loss. For example, there are 55 years measured for the world stock category – only 14 of the 55 years resulted in losses. In addition to the average return for down years, we also include the worst year for each category.

<b>Category</b>	<b>Period Measured</b>	<b># of Years Measured</b>	<b>Down</b>	<b>Average Down Year</b>	<b>Worst Down Year</b>	<b>Worst Year Performance</b>	<b>Average Annualized Return</b>
short-term bond	1982 - 2016	35	2	-1.49%	2008	-2.32%	6.31%
income	1962 - 2016	55	8	-7.10%	2008	-16.00%	6.17%
multi bond	1972 - 2016	45	7	-5.05%	2008	-12.69%	8.20%
conservative	1962 - 2016	55	11	-7.18%	2008	-20.96%	8.46%
moderate	1962 - 2016	55	10	-9.62%	2008	-26.58%	8.62%
world allocation	1965 - 2016	52	11	-9.28%	2008	-27.92%	9.40%
aggressive	1962 - 2016	55	14	-8.42%	2008	-33.49%	8.89%
world stock	1962 - 2016	55	14	-12.19%	2008	-40.47%	11.00%
aggressive growth	1962 - 2016	55	15	-16.16%	1973	-41.89%	11.00%

*Source: Steele Mutual Funds Database – December 2016*

The table above reflects losses achieved on a buy and hold basis. While historic performance can be helpful, there is no guarantee that the risk of loss in the future will be similar.

**B. Material risks involved in our analysis or strategies**

As noted in **ITEM 8. A.** above, Affinity's strategy involves the performance of financial and account reviews. These reviews ultimately determine in which securities an account will invest. This is similar to the process that is followed in the **buy and hold** investment strategy. Given that buy and hold is the most common way to invest, by definition, it carries a normal level of risk which was described in **ITEM 8. A.'s Investing and Risk** section.

Affinity believes that the use of technical analysis can actually *reduce* the level of investment risk. Having said this, Affinity's use of technical analysis may result in additional risk in the following circumstance –

- securities are sold based on sell signals
- sell signals prove to be inaccurate
- buy signals for the same securities eventually follow
- securities are repurchased at a higher price than they were sold

Although Affinity attempts to use securities with no transaction fees, if these fees are applicable for the securities involved, performance can also be affected by the additional cost involved.

**C. Do we primarily recommend a particular type of security**

**ITEM 4 B.** enumerates the type of securities that Affinity uses. These security types are those which are typically used. Because of this, the risks involved are no more material, significant or unusual than those noted in **ITEM 8 A.'s Investing and Risk** section.

The exception to this is the use of options. An investment made in an option is subject to complete loss in a short period of time under certain circumstances. Affinity does not use options in any of its standard **investment account profiles**. They are used in custom account management, which again is requested by the client not recommended by Affinity.

## **ITEM 9 DISCIPLINARY INFORMATION**

**A. Criminal or civil actions**

Not applicable

**B. Administrative proceeding before The SEC or any other government agency**

Not applicable.

C. Any self-regulatory organization (SRO) proceedings  
Not applicable.

## **ITEM 10**

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

A. Are we registered representatives of a securities broker/dealer  
No one at Affinity is a securities broker, dealer or a securities registered representative.

B. Are we a futures commission merchant, commodity pool operator or a commodity trading advisor  
No one at Affinity is a futures commission merchant, a commodity pool operator or a commodity trading advisor or an associated person of the above-mentioned 3 entities.

C. Do we have any other financial relationships or arrangements that are material to the business  
No. Affinity has no financial relationships or arrangements that are material to its business.

D. Do we recommend other registered investment advisors for compensation  
No. Affinity does not recommend other registered investment advisors and therefore does not receive this type of compensation.

## **ITEM 11**

### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN *CLIENT* TRANSACTIONS AND PERSONAL TRADING**

A. Describe our Code of Ethics  
Affinity's Code of Ethics establishes ideas for ethical conduct based upon fundamental principles of openness, integrity & trust. It ensures that we always put your interests first. Affinity holds itself to high standards and diligence. Taken as a whole, Affinity's Code of Ethics is our promise to work hard in your interests, with complete confidentiality and honesty. Affinity will quickly provide a copy of our Code of Ethics to any client or prospective client upon request.

B. Do we have any material financial interests in investments we recommend  
Affinity and its employees have no material financial interest in any investments. As examples, this means that we are not principals in any securities; are not general partners for any partnerships and are not investment advisers to any investment companies.

C. Do we invest in securities we recommend to you  
Affinity and its employees invest their money using the same investment process that is used to invest client money. Because of this, it is likely that we will invest in some of the same securities as clients (see Section D. below). Because Affinity offers a large number

of investment account profiles, it is possible that the use of a particular security will discontinue in one profile, but continue or even begin in other profiles.

**D. Do we buy or sell securities about the same time as you**

When Affinity and its employees invest in the same securities as clients (see section C. above), we do so at the same time through the use of block trading. Block trading allows investment advisers to purchase larger blocks of a security in either one or multiple transactions. Once a block trade has been completed, shares are allocated to our accounts and to client accounts at the same price. If securities were instead bought or sold account by account, there might be a conflict of interest if the share price was not the same for each account. Block trading eliminates this conflict of interest.

Having said this, it is possible that a client could achieve better pricing when buying and selling securities on their own than might otherwise be achieved through any adviser using block trading.

## **ITEM 12 BROKERAGE PRACTICES**

**A. Describe the factors we used in selecting a custodian for you**

Affinity has and will continue to select custodians using the following criteria:

- costs – reasonable to Affinity and its clients
  - services provided – both to Affinity and its clients
  - reputation and name recognition – has the provider had any high profile problems recently and would clients feel comfortable with the choice
  - compatibility – will the provider work well with Affinity’s systems and its other service providers
1. Do we receive research and Other “soft dollar” benefits  
The broker dealer and other third parties we use to custody client accounts, charge our clients commissions and other fees. Affinity does not receive research or other products or services based on these commissions and other fees earned by the broker-dealer and other third parties.
  2. Brokerage for client referrals  
Affinity does not receive client referrals from the broker dealer or other third parties we use to custody our client accounts.
  3. Directed brokerage  
Affinity requires its clients to place their assets with the broker dealer and other third parties we use to custody our client accounts. This is done for the sake of efficiency. When it is not possible to move accounts (i.e. workplace retirement accounts), Affinity will usually be able to manage them where they are currently custodied.

While not likely, other advisers may not require clients to place accounts with certain broker dealers and other third parties. Because Affinity does require specific placement of accounts, it is possible that this may cost clients more money in transaction costs and other fees.

**B. Aggregating the purchase or sale of securities for various client accounts**

Affinity usually aggregates the purchase or sale of securities for client accounts. This is done using block trading (see Item 11, Section D.) Infrequently we might execute sales of exchange traded funds without aggregating the trades. This is done only when absolutely necessary. This may result in trades for a small number of shares. These trades may result in less favorable pricing than aggregated trades.

### **ITEM 13 REVIEW OF ACCOUNTS**

**A. Frequency & nature of reviews**

Affinity attempts to review accounts on a weekly basis, but does not necessarily do so every week. Accounts are not reviewed individually as the management of hundreds of accounts does not allow for this. Accounts are reviewed in bulk. Account transactions are reviewed and categorized as to type – (i.e. dividends, withdrawals, deposits, etc.). Accounts are categorized by group (i.e. small conservative) and reviewed as to their performance versus an applicable Morningstar mutual fund category. The review is performed by Nino Cappelletti, investment advisor representative (IAR).

**B. Reviews on an other than periodic basis**

Affinity will also review client accounts based on client request or based on other client interaction that warrants such a review. Affinity encourages clients, via a quarterly letter, to contact the firm with any questions and if there has been a major change in the client's financial situation that would warrant a review of accounts.

**C. Client reports**

Affinity prepares and sends quarterly performance and fee notifications along with a letter to clients.

### **ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION**

**A. Do we get economic benefits from a non-client for providing certain advice to you**  
No.

**B. Do we pay for client referrals**

Affinity does pay for client referrals. Payment of these referrals is limited to those who have satisfied the regulatory requirements of becoming an investment advisor representative (IAR). See **Item 19 A. Education & business background** for Matthew S.

Holody. Matthew is paid 25% of the investment advisory fees collected for clients he has referred to Affinity. Clients referred by Matthew pay the same fee as those not referred by Matthew. Put simply, all clients pay fees based on the fee table at **ITEM 5**.

## **ITEM 15 CUSTODY**

Inapplicable

## **ITEM 16 INVESTMENT DISCRETION**

Affinity manages client accounts on a discretionary basis. Our investment management style is not compatible with managing accounts on a non-discretionary basis. By offering a large number of investment account profiles and custom management as well, Affinity feels that it provides clients a choice of boundaries, within which accounts are managed.

## **ITEM 17 VOTING CLIENT SECURITIES**

A. Do we accept authority to vote client securities

No.

B. Do we have the authority to vote client securities.

We do not have the authority to vote client securities. Clients receive their proxies directly from their custodian or the transfer agent for the particular security. Clients who have questions about voting, may direct them to Affinity using the contact information on the cover page (1) of this report.

## **ITEM 18 FINANCIAL INFORMATION**

A. Do we require prepayment of fees of more than \$500/ more than 6 months in advance

No.

B. If we require such prepayment, or have custody or discretion, is there any impairment for us to make a refund

Not applicable.

Given that Affinity has discretionary authority (but not custody) of client accounts, we are required to disclose any financial condition that is reasonably likely to impair our

ability to meet our contractual commitments to our clients. Affinity uses a well-known accounting package to maintain its financial records. Nino is an accounting major and former Certified Public Accountant (CPA) and is therefore well versed in the area of financial recordkeeping. Affinity has a strong financial position and if clients or prospective clients deem it absolutely necessary, we will provide a copy of the unaudited balance sheet. In short, Affinity does not have any financial conditions that will impair our ability to meet our contractual commitments to our clients.

**C. Bankruptcy**

Neither Nino Cappelletti, nor Affinity Financial Advisory has ever filed for bankruptcy.

**ITEM 19**  
**REQUIREMENTS FOR STATE REGISTERED ADVISORS**

**A. Education & business background**

The principal officer of Affinity is Nino Cappelletti.

Nino Cappelletti, Affinity's president, was born in 1966. He has a Master of Science in Finance (MSF) degree from Walsh College (1996); and Bachelor of Business Administration (BBA) and Master of Accounting (MAcc.) degrees from the University of Michigan (1989). While having satisfied all of the work and testing requirements for the Chartered Financial Analyst (CFA) designation, Nino does not currently hold this designation. This is based on a decision not to pay the annual dues required. During the past 13 years he has been president of Affinity Financial Advisory, a Michigan Registered Investment Advisor (2005 to present). Nino has worked in the investment industry since 1999. Prior to this, Nino worked as a corporate accountant and for two different Certified Public Accounting (CPA) firms. Nino was awarded the CPA designation in 1992, but is not currently licensed to practice as a CPA nor registered with the State of Michigan as such. Nino has never had any legal or disciplinary events.

**B. Any other business activities**

Nino Cappelletti is not engaged in any other business activity.

**C. Performance-based fee calculation**

Not applicable. See Item 6.

**D-1. Arbitration**

Neither Nino Cappelletti, nor Affinity has ever been involved in arbitration of any kind.

**D-2. Civil or administrative proceedings**

Neither Nino Cappelletti, nor Affinity has ever been involved in a civil, self-regulatory organization, or administrative proceeding of any kind.

**E. Relationship with issuers of securities**

Affinity does not have any relationship with issuers of securities.

**A. Education & business background**

Matthew S. Holody is an Investment Advisor Representative for Affinity Financial Advisory.

Matthew Holody was born in 1971. He has a Bachelor of Business Administration (BBA) in accounting from the University of Michigan - Dearborn. Matthew obtained his Certified Public Accounting (CPA) designation in 1998. He has been an investment advisor representative for Affinity Financial Advisory since 2005 (2005-present).

**B. Any other business activities**

Matthew Holody has been the Director of Finance for Detroit Stoker since 2015 and provides tax preparation services for a handful of private clients. Neither of these two activities is in any way affiliated with Affinity Financial Advisory.

Matthew is restricted in his efforts on behalf of Affinity Financial Advisory to referring prospective clients to Nino for further discussion. It should be noted that Matthew is in no way obligated to refer anyone to Affinity. He is not authorized, required or expected to do anything else on behalf of Affinity.

**C. Performance-based fee calculation**

Not applicable. See Item 6.

**D-1. Arbitration**

Neither Matthew Holody, nor Affinity has ever been involved in arbitration of any kind.

**D-2. Civil or administrative proceedings**

Neither Matthew Holody, nor Affinity has ever been involved in a civil, self-regulatory organization, or administrative proceeding of any kind.

**E. Relationship with issuers of securities**

Affinity does not have any relationship with issuers of securities.