

# Corrado Advisors, LLC

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ADV Part 2A, Brochure

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This Brochure provides information about the qualifications and business practices of Corrado Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (201) 661-6600 or [cfg@corradofg.com](mailto:cfg@corradofg.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 Corrado Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Corrado Advisors, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

## **Item 2           Material Changes**

There have been no material changes since our last Annual Amendment filing made on March 21, 2024

## **Item 3           Table of Contents**

Item 1	Cover Page .....	1
Item 2	Material Changes .....	2
Item 3	Table of Contents.....	2
Item 4	Advisory Business .....	3
Item 5	Fees and Compensation .....	9
Item 6	Performance-Based Fees and Side-by-Side Management .....	10
Item 7	Types of Clients.....	10
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9	Disciplinary Information.....	17
Item 10	Other Financial Industry Activities and Affiliations .....	17
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	18
Item 12	Brokerage Practices .....	19
Item 13	Review of Accounts.....	21
Item 14	Client Referrals and Other Compensation.....	21
Item 15	Custody.....	22
Item 16	Investment Discretion .....	22
Item 17	Voting Client Securities.....	22
Item 18	Financial Information .....	23

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

- A. Corrado Advisors, LLC (“Corrado”) is a New York limited liability company formed on September 30, 1997. Corrado became registered as an Investment Adviser firm on November 15, 1999. Corrado is principally owned by Mark A. Corrado and Lisa A. Balsamo. Mr. Corrado serves as Corrado’s Managing Member.
- B. As discussed below, Corrado offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services and, to the extent specifically requested by a client, financial planning and related consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage Corrado to provide discretionary or non-discretionary investment advisory services on a *fee* basis. To commence the investment advisory process, an investment adviser representative will first ascertain each client’s investment objectives and then allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, Corrado provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, and rebalances the account on a discretionary or non-discretionary basis.

For individual retail (i.e., non-institutional) clients, Corrado’s annual investment advisory fee shall generally (exceptions can occur-*see below*) include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires specialized planning and/or consultation services (to be determined in the sole discretion of Corrado), Corrado may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

Corrado may be engaged to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Corrado’s planning and consulting fees are negotiable, but generally range from \$100 to \$400 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging Corrado to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Corrado setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Corrado commencing services. If requested by the client, Corrado may recommend the services of other professionals for investment or non-investment implementation purposes, including certain of Corrado’s representatives in their individual capacities as certified public accountants and/or licensed insurance agents, and/or attorneys or through its affiliated entities as disclosed below at Item 10. (*See* disclosure at Item 10.C). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Corrado.

## MISCELLANEOUS

**Investment Consulting.** Corrado may, in its sole discretion, determine to provide non-discretionary portfolio review consulting services on a stand-alone basis, including those investment assets that are not part of the assets managed by Corrado (the “Excluded Assets”). Should the client receive such services, the client acknowledges and understands that with respect to the Excluded Assets, Corrado’s service is limited to periodic review of information provided by the client and/or the account custodian, and does not include investment advisory services described above. Accordingly, the client, and not Corrado, shall be exclusively responsible for the investment performance of the Excluded Assets. In the event the client desires that Corrado provide investment advisory services with respect to the Excluded Assets, the client may engage Corrado to do so pursuant to the terms and conditions of an Investment Advisory Agreement between Corrado and the client.

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested by a client, Corrado may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Corrado **does not** serve as an attorney, and no portion of its services should be construed as legal services. Accordingly, Corrado **does not** prepare estate planning documents or tax returns. To the extent requested by a client, Corrado may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance agents, etc.), including representatives of Corrado in their separate individual capacities as certified public accountants and/or as licensed insurance agents and/or attorneys. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Corrado and/or its representatives. **Please Note:** If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and not Corrado, shall be responsible for the quality and competency of the services provided. **Please Also Note-Conflict of Interest:** The recommendation by a Corrado representative that a client purchase an insurance commission product through a representative of Corrado, in their separate and individual capacity as an insurance agent, presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment or insurance products based on commissions to be received, rather than on a particular client’s need. The fees charged and compensation derived from the sale of such insurance and/or securities products is separate from, and in addition to, Corrado’s investment advisory fee. No client is under any obligation to purchase any securities or insurance commission products through such a representative. Clients are reminded that they may purchase insurance products recommended by Corrado through other, non-affiliated broker-dealers and/or insurance agents.

If a client determines to engage CFG CPA, LLP (“CFG CPA”), he/she does so per the terms and conditions of a separate written agreement between CFG CPA and the client, to which Corrado is not a party. There is no fee-sharing arrangement between CFG CPA and Corrado. The recommendation by Corrado that a client engage CFG CPA for tax preparation and/or accounting-related services, presents a conflict of interest because Corrado’s affiliate will derive additional compensation from such engagement. No client or prospective client is obligated to engage CFG CPA. Clients are reminded that they can engage other, non-affiliated, providers. Corrado will work with the tax professional of the

client's choosing.

**Retirement Plan Rollovers – No Obligation / Potential for Conflict of Interest.** A client or prospective client leaving an employer has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Corrado recommends that a client roll over their retirement plan assets into an account to be managed by Corrado, such a recommendation creates a conflict of interest if Corrado will earn a new (or increase its current) advisory fee as a result of the rollover. If Corrado provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), Corrado is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. **No client is under any obligation to roll over retirement plan assets to an account managed by Corrado. Corrado's Chief Compliance Officer, Bennett Weiner, remains available to address any questions that a client or prospective client may have regarding any conflicts of interest presented by such rollover recommendations.**

**Fee Differentials.** As indicated in Item 5, Corrado charges an investment advisory fee that is based upon a percentage of the market value of the assets placed under management (negotiable up to a maximum of 1.5%). However, fees shall vary depending upon various objective and subjective factors, including but not limited to: the amount of assets to be invested, the complexity of the engagement, the anticipated number of meetings and servicing needs, related accounts, future earning capacity, anticipated future additional assets, and negotiations with the client. As a result, similar clients could pay different fees, which will correspondingly impact a client's net account performance. Moreover, the services to be provided by Corrado to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Custodian Charges-Additional Fees.** As discussed below at Item 12, when requested to recommend a broker-dealer/custodian for client accounts, Corrado generally recommends that *Schwab* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions, transaction, and/or other type of fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) may differ depending upon the broker-dealer/custodian. While certain custodians, including *Schwab*, generally (with potential exceptions) do not currently charge fees on individual equity transactions (including ETFs), others do. **Please Note:** there can be no assurance that *Schwab* will not change its transaction fee pricing in the future. **Please Also Note:** Schwab may also assess fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically. **Tradeaways:** When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom Corrado and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "trade-away" fee charged by Schwab). The above fees/charges are in addition to Corrado's investment advisory fee at Item 5 below. Corrado does not receive any portion of these fees/charges.

**Use of Mutual Funds and Exchange Traded Funds:** While Corrado may recommend allocating investment assets to mutual funds and Exchange Traded Funds that are not available directly to the public, Corrado may also recommend that clients allocate investment assets to publicly-available mutual funds and ETFs that the client could obtain without engaging Corrado as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly-available mutual funds and ETFs without engaging Corrado as an investment adviser, the client or prospective client would not receive the benefit of Corrado's initial and ongoing investment advisory services with respect to any assets placed in those funds. In addition to Corrado's investment advisory fee described below, and transaction and/or custodial fees discussed above, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Cash Sweep Accounts** Certain account custodians can require that cash proceeds from account transactions or new deposits, be swept to and/or initially maintained in a specific custodian designated sweep account. The yield on the sweep account will generally be lower than those available for other money market accounts. When this occurs, to help mitigate the corresponding yield dispersion, Corrado shall (usually within 30 days thereafter) generally (with exceptions) purchase a higher yielding money market fund (or other type security) available on the custodian's platform, unless Corrado reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to the amount of dispersion between the sweep account and a money market fund, the size of the cash balance, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account.

Please Note: The above does not apply to the cash component maintained within Corrado's actively managed investment strategy (the cash balances for which shall generally remain in the custodian designated cash sweep account), an indication from the client of a need for access to such cash, assets allocated to an unaffiliated investment manager, and cash balances maintained for fee billing purposes. Please Also Note: The client shall remain exclusively responsible for yield dispersion/cash balance decisions and corresponding transactions for cash balances maintained in any of Corrado's unmanaged accounts. ANY QUESTIONS: Corrado's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above.

**Cybersecurity Risk.** The information technology systems and networks that Corrado and its third-party service providers use to provide services to Corrado's clients employ various controls that are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Corrado's operations and/or result in the unauthorized acquisition or use of clients' confidential or non-public personal information. In accordance with Regulation S-P, Corrado is committed to protecting the privacy and security of its clients' non-public personal information by implementing appropriate administrative, technical, and physical safeguards. Corrado has established processes to mitigate the risks of cybersecurity incidents, including the requirement to restrict access to such sensitive data and to monitor its systems for potential breaches. Clients and Corrado are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur financial losses and/or other adverse consequences. Although Corrado has established processes to reduce the risk of cybersecurity incidents, there is no guarantee that these efforts will always be successful, especially considering that Corrado does not control

the cybersecurity measures and policies employed by third-party service providers, issuers of securities, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchanges, and other financial market operators and providers. In compliance with Regulation S-P, Corrado will notify clients in the event of a data breach involving their non-public personal information as required by applicable state and federal laws.

**Independent Managers.** Corrado may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) will have day-to-day responsibility for the active discretionary management of the allocated assets. Corrado will continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Corrado generally considers the following factors when recommending Independent Manager(s): the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Manager(s) are exclusive of, and in addition to, Corrado's ongoing investment advisory fee, which will be disclosed to the client before entering into the Independent Manager engagement and/or subject to the terms and conditions of a separate agreement between the client and the Independent Manager(s). **Client Obligations.** In performing its services, Corrado shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Corrado if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Corrado's previous recommendations and/or services.

**Cash Positions.** Corrado continues to treat cash as an asset class. As such, unless determined to the contrary by Corrado, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Corrado's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), Corrado may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Corrado's advisory fee could exceed the interest paid by the client's money market fund.

**Portfolio Activity.** Corrado has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Corrado will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when Corrado determines that changes to a client's portfolio are neither necessary nor prudent. Clients remain subject to the fees described in Item 5 below during periods of portfolio inactivity. There can be no assurance that investment decisions made by Corrado will be profitable or equal any specific performance level(s).

**Structured Notes.** Corrado may purchase Structured Notes for client accounts. A Structured Note is a financial instrument that combines two elements, a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counter party risk of the issuer. However, the return on the note is linked to the return of an underlying asset

or assets (such as the S&P 500 Index or commodities). It is this latter feature that makes structured products unique, as the payout can be used to provide some degree of principal protection, leveraged returns (but usually with some cap on the maximum return), and be tailored to a specific market or economic view. Structured Notes will generally be subject to liquidity constraints, such that the sale thereof before maturity will be limited, and any sale before the maturity date could result in a substantial loss. There can be no assurance that the Structured Notes investment will be profitable, equal any historical performance level(s), or prove successful. Please Note: If the issuer of the Structured Note defaults, the entire value of the investment could be lost. See additional Risk Disclosure at Item 8 below. In the event that a client has any questions regarding the purchase of Structured Notes for their account, or would like to place restrictions on the purchase of Structured Notes for their accounts, Corrado's Chief Compliance Officer remains available to address them. See Risks Associated with Structured Notes at Item 8 below.

#### **ERISA PLAN and 401(k) INDIVIDUAL ENGAGEMENTS:**

**Trustee Directed Plans.** Corrado may be engaged to provide discretionary investment advisory services to ERISA retirement plans, whereby Corrado shall manage Plan assets consistent with the investment objectives designated by the Plan trustees. In such engagements, Corrado will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 ("ERISA"). Corrado will generally provide services on an "assets under management" fee basis per the terms and conditions of an *Investment Advisory Agreement* between the Plan and Corrado.

**Participant Directed Retirement Plans.** Corrado may also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a *Retirement Plan Services Agreement* between Corrado and the Plan. For such engagements, Corrado shall assist the Plan sponsor with the selection of an investment platform from which Plan participants shall make their respective investment choices (which may include investment strategies devised and managed by Corrado), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision making process.

**Client Retirement Plan Assets.** If requested to do so, Corrado shall provide investment advisory services relative to 401(k) plan assets maintained by the client in conjunction with the retirement plan established by the client's employer. In such event, Corrado shall allocate (or recommend that the client allocate) the retirement account assets among the investment options available on the 401(k) platform. Corrado's ability to provide such services shall be limited to the allocation of the assets among the investment alternatives available through the plan. Corrado will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify Corrado of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account. Unless expressly indicated by Corrado to the contrary, in writing, the client's 401(k) plan assets shall be included as assets under management for purposes of Corrado calculating its advisory fee.

**Disclosure Brochure.** A copy of Corrado's written Brochure as set forth on Part 2A of Form ADV, along with its Form CRS (Relationship Summary) shall be provided to each client prior to, or contemporaneously with, the execution of the applicable form of client agreement.

**Please Note: Investment Risk.** Different types of investments involve varying degrees of

risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Corrado) will be profitable or equal any specific performance level(s).

- C. Corrado shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Corrado shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on Corrado's services.
- D. Corrado does not participate in a wrap fee program.
- E. As of December 31, 2024, Corrado had \$191,916,440 in assets under management on a discretionary basis and \$10,328,528 in assets under management on a non-discretionary basis.

## **Item 5 Fees and Compensation**

A.

### **INVESTMENT ADVISORY SERVICES**

If a client determines to engage Corrado to provide discretionary investment advisory services on a negotiable *fee* basis, Corrado's annual investment advisory fee shall be based on the market value of the assets placed under Corrado's management, and is negotiable up to a maximum of 1.50% (See also Fee Differential discussion above). Corrado's annual investment advisory fee shall be based upon various objective and subjective factors, including, but not limited to, the amount of the assets placed under Corrado's direct management, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. As a result, similar clients could pay different fees, which will correspondingly impact a client's net account performance. Moreover, the services to be provided by Corrado to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above. Corrado may also reduce its annual investment advisory fee for management of fixed income securities. Although Corrado will allocate client assets consistent with the client's designated investment objectives, the fact that Corrado earns a higher fee for management of securities other than fixed income securities presents a **conflict of interest** because Corrado has an economic incentive to allocate more assets to those types of securities from which it will earn a higher advisory fee. Before engaging Corrado to provide investment advisory services, clients are required to enter into a discretionary *Investment Advisory Agreement*, setting forth the terms and conditions of the engagement (including termination), which describes the fees and services to be provided.

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

Corrado may be engaged to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Corrado's planning and consulting fees are negotiable, but generally range from \$200 to \$400 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have Corrado's advisory fees deducted from their custodial account. Both Corrado's *Investment Advisory Agreement* and the custodial/clearing agreement may

authorize the custodian to debit the account for the amount of Corrado's investment advisory fee and to directly remit that management fee to Corrado in compliance with regulatory procedures. In the limited event that Corrado bills the client directly, payment is due upon receipt of Corrado's invoice. Corrado shall deduct fees and/or bill clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Corrado shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Corrado's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Corrado's annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter. The *Investment Advisory Agreement* between Corrado and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, Corrado shall debit the account for the pro-rated portion of the unpaid advisory fee based upon the number of days that services were provided during the billing quarter. Corrado will also adjust the client's quarterly advisory fee with respect to intra-fee billing period additions or withdrawals to/from managed accounts. The Firm will generally waive advisory fees that fall below \$15 in a billing period.
- E. Neither Corrado, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither Corrado nor any supervised person of Corrado accept performance-based fees.

## **Item 7            Types of Clients**

Corrado's clients generally include individuals, business entities, trusts, estates and charitable organizations. Corrado generally requires a \$250,000 minimum asset level for investment advisory services. Corrado, in its sole discretion, may reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

- A. Corrado may utilize the following method of security analysis:
  - Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)

Corrado may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Hedging (making an investment to reduce the risk of adverse price movement in a security)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear, including the loss of principal investment. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Corrado) will be profitable or equal any specific performance level(s). Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease and client account values could suffer a loss.

- B. Corrado's methods of analysis and investment strategies do not present any unusual risks, however, every method of analysis has its own inherent risks. To perform an accurate market analysis Corrado must have access to current/new market information. Corrado has no control over the dissemination rate of market information; therefore, unbeknownst to Corrado, certain analyses may be compiled with outdated market information, severely limiting the value of Corrado's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Corrado's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy. In addition to the fundamental investment strategies discussed above, Corrado may also implement and/or recommend options transactions.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by Corrado shall be with the intent of "offsetting/hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-

related transactions that may be implemented by Corrado is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Corrado, in writing, not to employ any or all such strategies for their accounts.

For detailed information on the use of options and option strategies, please refer to the Option Clearing Corp.'s Option Disclosure Document, which can be found at: <http://www.optionsclearing.com/components/docs/riskstoc.pdf>

Hard copies may be ordered by calling 1-888-678-4667 or writing OCC, 1 North Wacker Drive, Suite 500 Chicago, IL 60606.

- C. Currently, Corrado primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, zero coupon bonds, mutual funds and exchange traded funds on a discretionary basis in accordance with the client's designated investment objective(s). When consistent with client investment objectives, Corrado may allocate investment assets to structured notes, initial public offerings, and Independent Manager(s). Each type of investment has its own unique set of risks associated with it. The following provides a short description of some of the underlying risks associated with the types of investments that Corrado uses or recommends:

Market Risk. The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors (such as economic or political factors), but may also be incurred because of a security's specific underlying investments. Additionally, each security's price can fluctuate based on market movement, which may or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.

Unsystematic Risk. Unsystematic risk is the company-specific or industry-specific risk in a portfolio that the investor bears. Unsystematic risk is typically addressed through diversification. However, as indicated above, diversification does not guarantee better performance and cannot eliminate the risk of investment losses.

Value Investment Risk. Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause a portfolio to underperform growth stocks.

Growth Investment Risk. Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile.

Small Company Risk. Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, small capitalization companies are more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

Commodity Risk. The value of commodity-linked derivative instruments may be affected

by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments.

Foreign Securities and Currencies Risk. Foreign securities prices may decline or fluctuate because of: (i) economic or political actions of foreign governments, and/or (ii) less regulated or liquid securities markets. Investors holding these securities are also exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the U.S. dollar).

Interest Rate Risk. Fixed income securities and fixed income-based securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices tend to fall. When interest rates fall, fixed income security prices tend to rise. In general, fixed income securities with longer maturities are more sensitive to these price changes.

Inflation Risk. When any type of inflation is present, a dollar at present value will not carry the same purchasing power as a dollar in the future, because that purchasing power erodes at the rate of inflation.

Reinvestment Risk. Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate), which primarily relates to fixed income securities.

Liquidity Risk. Liquidity is the ability to turn an investment into cash in a timely manner and without significant loss of value. To the extent that an investment is less liquid, it may not be sold in a timely manner or at a price that reflects its current value. Illiquid investments may not be saleable at a specific point in time or may be saleable only at a significant discount to current fair values.

Credit Risk. The issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and impact performance. Credit risk is considered greater for fixed income securities because fixed income securities that are below investment grade involve higher credit risk and are considered speculative.

Call Risk. During periods of falling interest rates, a bond issuer will call or repay a higher yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.

Regulatory Risk. Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. For example, changes in zoning, tax structure or laws may impact the return on investments.

Exchange Traded Fund ("ETF") Risk. ETFs are marketable securities that are designed to track, before fees and expenses, the performance or returns of a relevant index, commodity, bonds or basket of assets, like an index fund. Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to: (i) an ETF's shares may trade at a market price that is above or below its net asset value; (ii) the ETF

may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Initial Public Offering ("IPO") Risk. In more limited circumstances through its clearing/custodial relationships, Corrado may have access to IPO shares of certain securities for individual client accounts. The purchase of IPO shares may involve high transaction costs and are generally subject to greater risks than investments in shares of preexisting publicly traded companies. Further, the opportunity to invest in IPOs can be limited by the number of available shares issued under the offering. Before Corrado recommends that a client invest in an IPO, it will first determine whether that client is qualified for the particular IPO, which includes an analysis of whether it is consistent with the client's investment objective(s), financial situation and current asset allocation. To the extent possible and applicable under the circumstances, Corrado will allocate individual client IPO share purchases among qualified individual clients on a rotational basis or another basis that it deems equitable basis. To the extent possible and applicable under the circumstances, Corrado will use reasonable efforts to allocate available IPO shares on a fair and equitable basis in accordance with the terms and conditions of the aforementioned policy.

Buffer ETF Risk. Buffer ETFs are actively managed exchange-traded funds ("ETFs") that seek to provide targeted exposure to underlying ETFs (also referred to as reference assets) that are based on market indexes, while providing predetermined investment outcomes, removing some of the uncertainty associated with investing. Buffer ETFs are designed to help equity investors maintain a level of protection in down markets, by seeking to provide a defined downside buffer, over a specified period, while taking advantage of growth opportunities in up markets to a predetermined cap. The cap and buffer are reset at the end of each specified period. However, the Buffer ETFs may be held indefinitely, providing investors a buy and hold investment opportunity. It is important to note that while Buffer ETFs may offer protection against market downturns, there is no guarantee that the protection will fully offset losses, and investors should be aware of the risks involved in holding these ETFs. Additionally, the upside cap may limit the potential returns during periods of strong market growth.

Structured Note Risk. A structured note is a financial instrument that combines two elements, a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counterparty risk of the issuer. However, the return on the note is linked to the return of an underlying asset or assets (such as the S&P 500 Index or certain commodities). This latter feature makes structured products unique, as the payout can be used to provide some degree of principal protection, leveraged returns (but usually with some cap on the maximum return), and be tailored to a specific market or economic view. However, if the underlying index were to hypothetically decline 100%, then the payment may result in a loss of a portion or all of a client's principal investment. Structured notes do not pay interest or dividends, provide voting rights or guarantee any return of principal at maturity unless specifically provided through products that are designed with that purpose. Structured notes are not insured through any governmental agency or program and the return of principal and fulfillment of the terms negotiated by Corrado on behalf of its clients is dependent on the financial condition of the third party issuing the note and the issuer's ability to pay its obligations as they become due. Structured notes purchased for clients will not be listed on any securities exchange. There may be no secondary market for such structured notes. In addition, the maximum potential payment on structured notes will typically be limited to the redemption amount applicable for a payment date, regardless of

the appreciation in the underlying index associated with the note. Since the level of the underlying index at various times during the term of the structured notes held by clients could be higher than on the valuation dates and at maturity, clients may receive a lower payment if redeemed early or at maturity than if a client would have invested directly in the underlying index.

The issuer can generally choose to redeem structured notes before maturity. In addition, the maximum potential payment on structured notes will typically be limited to the redemption amount applicable for a payment date, regardless of the appreciation in the underlying index associated with the note. Since the level of the underlying index at various times during the term of the structured notes held by clients could be higher than on the valuation dates and at maturity, clients may receive a lower payment if redeemed early or at maturity than if a client would have invested directly in the underlying index.

Please Note: Past performance is no guarantee of future results. Different types of investments involve varying degrees of risk. Therefore, there can be no assurance that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended and/or undertaken by Corrado) will be profitable, equal any historical performance level(s), or prove successful. Please Also Note: If the issuer of the structured note defaults, the entire value of the investment could be lost.

Independent Manager Risk. While Corrado may conduct due diligence regarding Independent Manager(s) and their respective investment style and process, Corrado will not have the opportunity to evaluate each specific investment that the Independent Manager(s) will execute on the client's behalf. As a result, the rates of return to clients will primarily depend upon the choice of investments and other investment and management decisions of Independent Manager(s) and returns could be adversely affected by unfavorable performance of such Independent Manager(s). Further, Corrado depends on Independent Manager(s) to develop the appropriate systems and procedures to control their own operational risks.

Corrado may also allocate investment management assets of its client accounts, on a discretionary basis, among one or more of its asset allocation programs (i.e. Aggressive, Moderate, and Conservative) as designated on the Investment Advisory Agreement. Corrado's asset allocation strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Corrado's asset allocation programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to Corrado's management of client assets:

1. Initial Interview – at the opening of the account, Corrado, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly Corrado shall notify the client to advise Corrado whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, Corrado shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants

- to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – Corrado shall be reasonably available to consult with the client relative to the status of the account;
  6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding quarter;
  7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct Corrado not to purchase certain securities;
  8. No Pooling – the client’s beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
  9. Separate Account - a separate account is maintained for the client with the Custodian;
  10. Ownership – each client retains indicia of ownership of the account (e.g. right to withdraw securities or cash, exercise proxy voting, and receive transaction confirmations).

Corrado believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the Investment Advisory Agreement; and (2) the fees charged by other investment advisers offering similar services/programs. However, Corrado's annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Corrado's annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses).

## **Item 9            Disciplinary Information**

Corrado has not been the subject of any disciplinary actions.

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

- A. Neither Corrado, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Corrado, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Certified Public Accountants.** Corrado's Managing Member, Mark A. Corrado and Lisa Balsamo own CFG CPA, a certified public accounting firm that shares office space and administrative personnel with Corrado. Corrado reimburses CFG CPA for administrative costs and overhead. In addition, certain of Corrado's representatives also serve as certified public accountants with CFG CPA. To the extent that a client requires accounting advice and/or tax preparation services, Corrado, if requested, will recommend the services of CFG CPA, all of which services shall be rendered independent of Corrado pursuant to a separate agreement between the client and CFG CPA. Corrado does not receive any of the fees charged by CFG CPA, referral or otherwise. Although Corrado shall not receive referral fees from Corrado CPA and/or CFG CPA, members of Corrado shall be entitled to receive distributions relative to their respective interests in CFG CPA. The recommendation by Corrado that a client engage CFG CPA for tax preparation and/or accounting-related services, presents a conflict of interest because Corrado's affiliate will derive additional compensation from such engagement. No client of Corrado is required to engage CFG CPA for accounting services, and vice versa. Clients are reminded that they may engage other, non-affiliated, providers. Corrado will work with the tax professional of the client's choosing. **Corrado's Chief Compliance Officer, Bennett Weiner, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

**Licensed Agency/Agents.** Corrado's Managing Member, Mark A. Corrado and Lisa Balsamo own Corrado Risk Management, LLC ("CR"), a New Jersey limited liability company that consults on insurance matters and shares office space with Corrado. Certain of Corrado's representatives serve as licensed insurance agents of CR. All such licensed individuals, in their capacities as agents of CR, may recommend the purchase of certain insurance products on a separate commission basis. As referenced in Item 4.B above, clients can engage certain of Corrado's representatives to effect insurance transactions on a commission basis.

**Conflict of Interest:** The recommendation by either CR and/or Corrado's representatives that a client purchase an insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from CR and/or Corrado's representatives. Clients are reminded that they may purchase insurance products recommended by Corrado through other, non-affiliated insurance agents and/or agencies. **Corrado's Chief Compliance Officer, Bennett Weiner, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Licensed Attorney.** Bennett I. Weiner is licensed to practice law. To the extent that Mr. Weiner provides legal services to any clients, including clients of Corrado, all such services shall be performed by Mr. Weiner in his separate professional capacity, independent of Corrado, for which services Corrado shall not receive any portion of the fees charged by Mr. Weiner, referral or otherwise. It is expected Mr. Weiner solely incidental to his practice as an attorney, may recommend Corrado's services to certain of his clients. Mr. Weiner is not involved in providing investment advice on behalf of Corrado, nor does Mr. Weiner holds himself out as providing advisory services on behalf of Corrado. No client of Corrado is under any obligation to use the services of Mr. Weiner.

**Conflict of Interest.** The recommendation by Corrado or its investment adviser representatives, that a client of Corrado retain Mr. Weiner to provide legal services of any kind presents a conflict of interest. No client is under any obligation to retain Mr. Weiner to provide legal services. Clients are reminded that they may acquire legal services through other law firms that do not share personnel with Corrado. **Corrado's Chief Compliance Officer, Bennett Weiner, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. Corrado does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Corrado maintains an investment policy relative to personal securities transactions. This investment policy is part of Corrado's overall Code of Ethics, which serves to establish a standard of business conduct for all of Corrado's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust. A copy of Corrado's Code of Ethics is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Corrado also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Corrado or any person associated with Corrado.

- B. Neither Corrado nor any related person of Corrado recommends, buys, or sells for client accounts, securities in which Corrado or any related person of Corrado has a material financial interest.
- C. Corrado and/or representatives of Corrado *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Corrado and/or representatives of Corrado are in a position to materially benefit from the sale or purchase

of those securities. Therefore, this situation presents a conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Corrado did not have adequate policies in place to detect such activities. In addition, these policies can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of Corrado’s clients) and other potentially abusive practices.

Corrado has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Corrado’s “Access Persons”. Corrado’s securities transaction policy requires that an Access Person of Corrado must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date Corrado selects; provided, however that at any time that Corrado has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Corrado and/or representatives of Corrado *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Corrado and/or representatives of Corrado are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. As indicated above in Item 11 C, Corrado has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Corrado’s Access Persons.

## **Item 12            Brokerage Practices**

- A. In the event that the client requests that Corrado recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Corrado to use a specific broker-dealer/custodian), Corrado generally recommends that investment management accounts be maintained at *Schwab*. Prior to engaging Corrado to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Corrado setting forth the terms and conditions under which Corrado shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Corrado considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with Corrado, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Corrado's clients( to the extent that such commissions or transaction fees are actually paid) shall comply with Corrado’s duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Corrado determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Corrado will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-

dealer/custodian are exclusive of, and in addition to, Corrado's investment management fee. Corrado's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Corrado receives from *Schwab* (or could receive from other broker-dealer/custodians, unaffiliated investment managers, vendors, investment platforms, and/or product/fund sponsors) without cost (and/or at a discount) support services and/or products, certain of which assist Corrado to better monitor and service client accounts maintained at such institutions. The support services that Corrado receives can include: investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or free consulting services, discounted and/or free travel and attendance at conferences, meetings, and other educational and/or social events (which can also include transportation and lodging), marketing support, computer hardware and/or software and/or other products used by Corrado in furtherance of its investment advisory business operations. As referenced above, some of the support services and/or products that Corrado can receive may assist Corrado in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Corrado to manage and further develop its business enterprise. The receipt of these support services and products presents a **conflict of interest** because Corrado has the incentive to recommend that clients utilize *Schwab* as a broker-dealer/custodian based upon its interest in continuing to receive the above-described support services and products, rather than based on a client's particular need. However, Corrado's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by Corrado to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements. **Corrado's Chief Compliance Officer, Bennett Weiner, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

2. Corrado does not receive referrals from broker-dealers.

3. Corrado does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Corrado will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Corrado. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Corrado to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined

to effect account transactions through alternative clearing arrangements that may be available through Corrado.

**Corrado's Chief Compliance Officer, Bennett Weiner, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that Corrado provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Corrado decides to purchase or sell the same securities for several clients at approximately the same time. Corrado may (but is not obligated to) combine or "batch" such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among Corrado's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Corrado shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Corrado provides investment supervisory services, account reviews are conducted on an ongoing basis by Corrado. All investment supervisory clients are advised that it remains their responsibility to advise Corrado of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Corrado on an annual basis.
- B. Corrado *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Corrado may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, Corrado receives an indirect economic benefit from *Schwab*. Corrado, without cost (and/or at a discount), receives support services and/or products from *Schwab*.

Corrado's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by Corrado to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Corrado's Chief Compliance Officer, Bennett Weiner, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest any such arrangement may create.**

If a client is introduced to Corrado by either an unaffiliated or an affiliated promoter, Corrado *may* pay that promoter a referral fee in accordance with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Corrado's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Corrado by an unaffiliated promoter, the promoter, at the time of the solicitation, shall disclose the nature of their promoter relationship, and shall provide each prospective client with a copy of Corrado's written Brochure with a copy of the written disclosure statement from the promoter to the client disclosing the terms of the solicitation arrangement between Corrado and the promoter, including the compensation to be received by the promoter from Corrado.

## **Item 15      Custody**

Corrado shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Corrado may also provide a written periodic report summarizing account activity and performance. **Please Note:** To the extent that Corrado provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Corrado with the account statements received from the account custodian. The account custodian does not verify the accuracy of Corrado's advisory fee calculation.

Corrado engages in other practices and services on behalf of its clients that require disclosure at ADV Part 1, Item 9. Some of the practices and services subject the affected accounts to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940. In addition, certain clients have signed asset transfer authorizations which permit the qualified custodian to rely upon instructions from Corrado to transfer client funds to "third parties." These arrangements are also reflected at ADV Part 1, Item 9, but in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

**Corrado's Chief Compliance Officer, Bennett Weiner, remains available to address any questions that a client may have regarding custody-related issues.**

## **Item 16      Investment Discretion**

The client can determine to engage Corrado to provide investment advisory services on a discretionary basis. Prior to Corrado assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Corrado as the client's attorney and agent in fact, granting Corrado full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Corrado on a discretionary basis may, at any time, impose restrictions, **in writing**, on Corrado's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, etc.).

## **Item 17      Voting Client Securities**

- A. Corrado does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted. Corrado, however, does provide support with respect to decisions and filings relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, class actions, or other type actions or events pertaining to the client's investment assets.
- B. making all elections relative to any mergers, acquisitions, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- C. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Corrado to discuss any questions they may have with a particular solicitation.

**Item 18          Financial Information**

- A. Corrado does not solicit fees of more than \$1,200 per client, six months or more in advance.
- B. Corrado is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Corrado has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: Corrado's Chief Compliance Officer, Bennett Weiner, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**