

Corrado Advisors, LLC

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Contact: Herman Lentz, Chief Compliance Officer
25 West 43rd Street, Suite 920
New York, New York 10036
www.corradofinancialgroup.com

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 hlentz@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.

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

Since our last Annual Amendment filing, made on March 12, 2018, Corrado Advisors, LLC has undergone an ownership change. The firm is now principally owned by Mark Corrado and Lisa Balsamo. Mr. Corrado also serves as our sole Managing Member.

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Item 4 Advisory Business

- A. Corrado Advisors, LLC (“Corrado”) is a limited liability company formed on September 30, 1997 in the State of New York. Corrado became registered as an Investment Adviser Firm in November 15, 1999. Corrado is principally owned by Mark A. Corrado and Lisa 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 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.

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 implementation purposes, including certain of Corrado’s representatives in their individual capacities as certified public accountants and/or licensed insurance agents. (*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. Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Please Also Note: It remains the client’s 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.

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 Registrant in their separate individual capacities as certified public accountants and/or as licensed insurance agents. 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. **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. 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.

Retirement Plan Rollovers – No Obligation / Conflicts of Interest: A client or prospective client leaving an employer typically 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 an advisory fee on the rolled over assets. **No client is under any obligation to roll over retirement plan assets to an account managed by Corrado. Corrado’s Chief Compliance Officer, Herman Lentz, remains available to address any questions that a client or prospective client**

may have regarding any conflicts of interest presented by such rollover recommendation.

ERISA / IRC Fiduciary Acknowledgment. If the client is: (i) a retirement plan (“Plan”) organized under the Employee Retirement Income Security Act of 1974 (“ERISA”); (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an Individual Retirement Account (“IRA”) acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code; then Corrado represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any non-discretionary investment advice provided by Corrado or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

Fee Differentials. As indicated above, Corrado shall receive an investment advisory fee based upon a percentage (%) of the market value of the assets placed under management (between negotiable and 1.50%). However, fees shall vary depending upon various objective and subjective factors, including but not limited to: the representative assigned to the account, 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.

Use of Mutual Funds: While Corrado may recommend allocating investment assets to mutual funds that are not available directly to the public, Corrado may also recommend that clients allocate investment assets to publicly-available mutual funds 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 without engaging Corrado as an investment adviser, the client or prospective client would not receive the benefit of Registrant’s initial and ongoing investment advisory services.

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).

48 South Franklin Turnpike, LLC. Corrado's Managing Member, Mark A. Corrado, is the manager of 48 South Franklin Turnpike, LLC (the "Company"), a private real estate limited liability company that was formed to purchase and formerly owned the office building in which Corrado's New Jersey offices are located. Although Corrado does not solicit any current clients to invest in the Company, a limited number of Corrado's existing clients are Company members. The relationship between the Company and Corrado is not material to Corrado's investment advisory operations.

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.

Disclosure Statement. A copy of Corrado's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* and/or *Financial Planning & Consulting Agreement*.

- 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 anytime, impose reasonable restrictions, in writing, on Corrado's services.
- D. Corrado does not participate in a wrap fee program.
- E. As of December 31, 2017, Corrado had \$349,700,359 in assets under management on a discretionary basis and \$27,085,604 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, generally between 1.00% and 1.50%. 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. (*See* also Fee Differential discussion above.) 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 \$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).

- 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.
- 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 shall generally include individuals, business entities, trusts, estates and charitable organizations. Corrado generally requires a \$500,000 minimum asset level for investment advisory services. Corrado, in its sole discretion, may reduce its investment management fee and/or 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.). Corrado, in its sole discretion, may charge a lesser investment management fee and/or reduce its minimum asset level requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, industry fee compression, account composition, negotiations with client, etc.). **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

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

- A. Corrado may utilize the following methods 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. 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).

- 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/or exchange traded funds and Independent Manager(s), on a discretionary basis in accordance with the client's designated investment objective(s). (See Independent Manager(s) above).

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.

Certified Public Accountants. Corrado's Managing Member, Mark A. Corrado and Lisa Balsamo own Corrado CPA, LLP ("Corrado CPA"), a certified public accounting firm that shares office space and administrative personnel with Corrado. Corrado reimburses Corrado CPA for administrative costs and overhead. In addition, certain of Corrado's representatives also serve as certified public accountants with Corrado CPA. To the extent that a client requires accounting advice and/or tax preparation services, Corrado, if requested, will recommend the services of Corrado CPA, all of which services shall be rendered independent of Corrado pursuant to a separate agreement between the client and Corrado CPA. Corrado shall not receive any of the fees charged by Corrado CPA, referral or otherwise. Although Corrado shall not receive referral fees from Corrado CPA, members of Corrado shall be entitled to receive distributions relative to their respective interests in Corrado CPA. No client of Corrado is required to engage Corrado CPA for accounting services, and vice versa. **Corrado's Chief Compliance Officer, Herman Lentz, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

- C. **Licensed Insurance Agency/Agents.** Corrado's Managing Member, Mark A. Corrado and Lisa Balsamo own Corrado Insurance, LLC ("CI"), 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 CI. All such licensed individuals, in their capacities as agents of CI, 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 CI 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 investment 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 CI 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, Herman Lentz, 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 which 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 creates a potential 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, this requirement 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 creates a potential 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 shall comply with Corrado's duty to obtain 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 another broker-dealer/custodian, investment platform and/or mutual fund sponsor) 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. Included within the support services that may be obtained by Corrado may be 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 gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Corrado in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *are* received 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.

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, Herman Lentz, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived 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, Herman Lentz, 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 "bunch" such orders to obtain 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's Principals and/or representatives. 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, Herman Lentz, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. If a client is introduced to Corrado by either an unaffiliated or an affiliated solicitor, Corrado *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 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 solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor 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 solicitor to the client disclosing the terms of the solicitation arrangement between Corrado and the solicitor, including the compensation to be received by the solicitor 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, Herman Lentz, 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 anytime, 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, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. 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, Herman Lentz, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.