

## **Form ADV Part 2A: Disclosure Brochure**

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**This brochure provides information about the qualifications and business practices of TradeWise Advisors, Inc. (“TradeWise”). If you have any questions about the contents of this brochure, please contact TradeWise at 877-733-6786. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**TradeWise is a registered investment adviser. Registration does not imply a certain level of skill or training.**

**Additional information about TradeWise is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2 - MATERIAL CHANGES**

This section highlights revisions made since the last annual amendment dated December 16, 2019 to the Disclosure Brochure:

- On October 6, 2020, TradeWise Advisors, Inc. (“TradeWise”) became a wholly owned subsidiary of The Charles Schwab Corporation (“Schwab”), a publicly traded company.

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## **ITEM 4 - ADVISORY BUSINESS**

TradeWise Advisors, Inc. ("TradeWise") is a registered investment adviser based in Chicago, Illinois. TradeWise operated under the name RED Option Advisors, Inc. ("RED Option") from 2010 until September 30, 2016. TradeWise (formerly RED Option) started in 2003 as a division of thinkorswim Advisors, Inc. and a member of the thinkorswim Group, Inc. In 2009, the thinkorswim Group, Inc. was acquired by TD Ameritrade Holding Corporation. TradeWise is wholly owned by TD Ameritrade Online Holdings Corporation. TD Ameritrade Online Holdings Corporation is a wholly owned subsidiary of TD Ameritrade Holding Corporation. On October 6, 2020, TD Ameritrade Holding Corporation became a wholly owned subsidiary of The Charles Schwab Corporation ("Schwab"), a publicly traded company. As a result, TradeWise became affiliated with Schwab and its subsidiaries.

As used in this brochure, the words "we," "our" "us" and "TradeWise" refer to TradeWise Advisors, Inc. and the words "you," "your," "participant," "subscriber," and "client" refer to you as either a client or prospective client of our firm. In addition, as used in this brochure, the term "Associated Persons" refers to our officers, employees, and all individuals involved in providing services on behalf of our firm.

TradeWise is an Internet-based company that provides risk –defined options trading strategies recommendations to retail investors. The strategies we offer cater to various types of clients ranging from those who have a basic understanding of options spreads to experienced options traders. We recommend that you have a working knowledge of both Calendar Spreads and Vertical Spreads before you subscribe to any of our options trading strategies. The strategies generally involve buying or selling multiple options contracts on the same underlying securities. For additional information on Calendar Spreads and Vertical Spreads, see Item 8 below.

Our services are designed to provide you with specific trade recommendations via email that include detailed trade descriptions and explanations. We offer the following six (6) distinct option strategy-based newsletters by subscription:

1. Covered Call
2. Collar (Covered Call with Protective Put)
3. Time Spreads
4. Directional
5. Range Bound
6. Volatility

Recommendations vary within each strategy and are limited to advice on equity securities, exchange traded funds, index funds, and options contracts on equity securities. Any available weekly, monthly, or quarterly option cycle may be utilized in all of our strategies in order to capture a specific market event or favorable circumstance as long as all initial trade guidelines are met.

If you subscribe to any one or more of our strategies, you will receive trade recommendations via email that are specific to each strategy for which you have subscribed. The emails will include trade specifics and explanations of the dynamics and reasoning behind the recommendation. Email alerts are sent to you each time we recommend opening, adjusting, or closing a trade. We will send you approximately two to five trade recommendations per strategy per month, as well as any adjustments or closing instructions. In the event that we do not see an opportunity that meets our criteria in the market for a particular period, we will not send new trade recommendations for that period.

TradeWise services are available to U.S. citizens residing in the United States and not generally available to foreign investors. TradeWise newsletters are not intended for use in Individual Retirement Accounts (IRAs).

### **Autotrade Service**

Subscribers have the opportunity to have the strategy recommendations automatically executed through the TD Ameritrade "Autotrade" service, which involves an agreement between you and TD Ameritrade, Inc. ("TD Ameritrade"), our affiliated broker-dealer. In order to avail of the Autotrade service you will need to open and maintain a brokerage account with TD Ameritrade, and to subscribe to one or more of our options strategies. TradeWise recommendations cannot be executed in IRAs through the Autotrade service. All client transactions initiated through the Autotrade service are executed through TD Ameritrade. In addition, you must agree to the provisions of the electronic Autotrade Limited Trading Authorization and Agreement and the SEC Risk Disclosure statement.

We are affiliated with TD Ameritrade through common control and ownership, see Item 10 below for additional disclosures on this topic. As a TradeWise subscriber using the Autotrade service, you acknowledge that TradeWise personnel may access TD Ameritrade systems when instructed by you to edit information related to your Autotrade profile and your selected TradeWise strategy(ies).

When using TD Ameritrade's Autotrade service, you must set a specific dollar amount that you would like to allocate on a per trade basis for the strategy/strategies that you are subscribed to. There are minimum allocation amounts for each trading strategy. Please see Investment Strategies in Item 8 below. A trade encompasses all the transactions (including trade adjustments and rolling transactions) for that particular trade for that strategy through the closing of the trade. Thereafter, TD Ameritrade will automatically execute all new recommendations for each individual strategy to which you subscribe in your TD Ameritrade brokerage account based on your preselected allocation. Additionally, TD Ameritrade will execute any subsequent adjustments and closing recommendations in your brokerage account until you elect to discontinue the service.

As part of the Autotrade service, in an effort to seek best price, TradeWise will verify pricing through TD Ameritrade systems reflecting the national best bid and offer (NBBO). We will then enter a block order into a dedicated TradeWise account at TD Ameritrade. After the order is placed, TD Ameritrade facilitates the processing and filling of the order and then disperses the trade into the TD Ameritrade accounts of each subscriber in the particular strategy that has elected to participate in the Autotrade service, per their individually determined Autotrade allocations. The Autotrade allocation amount you choose in your TD Ameritrade brokerage account is a ceiling and you will not be included in a trade for an amount above your selected allocation amount. However, due to price movement, some trades may only get a partial fill and then you may get an allocation less than the dollar amount you have selected. Furthermore, all clients will generally receive at least one contract per block order for an order to be filled.

You may cancel or change your Autotrade allocations at any time. If you choose to cancel your allocations, all existing positions will continue to be adjusted and closed per TradeWise recommendations. However, no new positions will be placed for you. You have the option to cancel Autotrade altogether and take control of all your own open positions. If you choose to cancel Autotrade, you must contact a TradeWise representative.

### **Market Blog**

The Market Blog is a free daily newsletter (Monday to Friday) that provides commentary on market news, upcoming earnings and industry events. Market Blog is accessible on the TradeWise website at [www.tradewise.com](http://www.tradewise.com) or you can subscribe to receive the Market Blog daily via email.

## ITEM 5 - FEES AND COMPENSATION

### Options Trading Services

As a subscriber of our services, you can choose from six distinct risk-defined options trading strategies. We are compensated with a subscription fee of \$20 per strategy per month. Your credit card will be charged \$20 for each individual strategy that you are subscribed to on the first day of each month. You will initially be charged a pro-rated amount for the number of the days until the end of the current month.

If you wish to cancel your subscription, you may do so online by logging into your account or by calling TradeWise at 877-733-6786. If you submit the request for cancellation before TradeWise sends the first recommendation for that month, you may request and receive a refund. If you submit the cancellation/refund request after TradeWise sends the first trade recommendation for that month, we typically will not refund any portion of that month's fee.

### Negotiation of Fees

We reserve the right to negotiate pricing in individual circumstances and provide varying offers to new and existing clients.

### Other Fees and Expenses

TradeWise clients that participate in TD Ameritrade's Autotrade service will pay separate per-trade transaction commissions in their TD Ameritrade brokerage account. For additional information on the Autotrade service, see Item 4 above. TradeWise clients may also place the transactions at the broker-dealer of their choice and pay the respective commissions charged by their broker-dealer.

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

Form ADV Part 2 requires investment advisers such as TradeWise to disclose whether the firm or any person associated with the firm accepts performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. This section is not applicable to our firm because we do not charge performance-based fees.

## ITEM 7 - TYPES OF CLIENTS

We provide options advisory services for retail investors (individuals, corporations, and other business entities). The strategies offered by our firm cater to various types of clients ranging from those who have a basic understanding of options spreads to experienced options traders. In all cases, we recommend that you have a working knowledge of both Calendar Spreads and Vertical Spreads before you subscribe to any of our options strategies. See responses below at *Methods of Analysis*, *Investment Strategies* and *Risk of Loss* for additional information on Calendar Spreads and Vertical Spreads.

TradeWise has minimum allocation requirements per trade for participation in each of the investment strategies as follows:

• Time Spreads and Directional	\$500	per trade
• Volatility and Range Bound	\$1,000	per trade
• Collar and Covered Call	\$5,000	per trade

The above minimum allocation requirements do not guarantee your participation in every trade in that particular strategy. Accordingly, you have the opportunity to set your minimum allocation to the level recommended in the strategy descriptions to make participation in each recommended trade more likely. See responses below at *Methods of Analysis*, *Investment Strategies* and *Risk of Loss* for additional information on our strategy descriptions and recommended allocations.

## ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Methods of Analysis

Our primary methods of analysis are charting, fundamental, technical, cyclical and probability.

Charting Analysis – involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.

*Risk:* Charts may not accurately predict future price movements. Current prices of securities may not reflect all information about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Fundamental Analysis – involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

*Risk:* The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Technical Analysis – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

*Risk:* The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may not reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Cyclical Analysis – a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions.

*Risk:* The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

Probability Analysis - a proprietary calculation that determines the statistical likelihood of an option price exceeding, falling between or below upper and lower boundary prices. Probability can be computed for a certain time frame or a specific point; we use 'Probability of Expiring' (specific date) and 'Probability of Touching' (time range) on the TD Ameritrade trading platform. These probabilities are used in construction of risk-defined option trading strategies. TradeWise looks for favorable probabilities when initiating recommendations for our subscribers. These probabilities are a result of many variables in the options of the underlying stock, ETF or Index. They are generally based on volatility, price and time to expiration and are continually updated as these variables change. We use these probabilities as a guideline for option positions that are fundamentally positive at the time of initiation.

*Risk:* Probability Analysis may not accurately predict future price movements. Current prices of securities may not reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

In addition we also review specific stocks, indices and ETFs based on a number of criteria, including for example:

- Significant Liquidity, with high open interest
- Range bound, when the position initiated does not have a bias up or down
- Stochastics, Relative Strength defined as technical and mathematical indicators, to identify potential continuation or reversing trends
- Low to medium correlation to market movements (beta)
- Low to medium volatility

## **Investment Strategies**

TradeWise offers six (6) distinct investment strategies for individual subscription as described below:

### **(1) Covered Call**

The "Covered Call" strategy as recommended by TradeWise consists of purchasing 100 shares of a mid to large capitalization stock, ETF or index-based ETF ("underlying") and then selling a call option on the 100 shares for a credit.

The Covered Call strategy is designed to profit in two different scenarios. Upon selling a call, the credit received effectively reduces the cost of the trade, thus reducing the overall amount of money risked on the trade. If the price of the underlying moves above the strike price of the call, the client may be assigned and the client will be obligated to sell the underlying at the strike price. This may result in a profit, as the client will keep the profit realized from selling the underlying at a higher price than was initially paid, as well as the initial credit received for selling the call (less any applicable commissions and assignment fees).

If the price of the underlying trades in a relatively narrow trading range and stays below the strike price, the strategy provides an opportunity to roll the call option from month to month (buying back the call and then selling a further-out month call). That can lead to collecting additional premium each month and further reducing the amount of money risked on the trade. The client may also have the benefit of receiving dividend payments on many of the stocks TradeWise recommends for this strategy. Of course, this is only possible if the client remains in the position and does not get assigned.

The Covered Call strategy may be utilized when an investor believes the underlying will either move up or remain in a relatively narrow trading range over the life of the call option. There is limited upside potential for this strategy, up to the strike price of the call. If the stock moves above the strike price of the call, the client likely will not keep the underlying shares as they will be called away and the client is obligated to sell the underlying at the strike price as described above. In addition, the strategy does not provide downside protection beyond the credit received when the call was sold, should the underlying lose significant value. For Autotrade clients, TradeWise will attempt to close out the trade.

### ***Suggested Allocation***

Typically the shares of the underlying purchased will be trading for less than \$50 per share. A minimum of at least \$5,000 is required to Autotrade this strategy. There is no assurance that the trade will be successful.

The length of any specific Covered Call recommendation will typically be a minimum of 30 days with the possibility of the trade lasting for several months.

### ***Potential Benefits***

- You cannot lose more than your allocation (not including commissions charged by your broker-dealer or dividend risk).
- You have the possibility of receiving dividend payments on underlying stock.



- You also have the possibility to roll the short option(s) to generate additional net premiums.
- Investor education

### **Potential Risks**

- The potential loss of up to 100% of the capital you invest in each trade (which can happen if the price of the underlying stock drops to zero) plus any commissions charged by your broker-dealer.
- This strategy is capital intensive since you are buying the stock for cash or margin.
- Potential gains will be reduced, or possibly eliminated, by commissions you must pay your broker-dealer for recommended transactions, which includes commissions incurred for adjustments or rolling of a position.
- There can be no assurance this strategy will be successful over time.

### **(2) Collar (Covered Call with Protective Put) Strategy**

The "Collar" strategy involves three simultaneous elements:

1. Purchasing 100 shares of a mid to large capitalization stock, which may or may not be dividend paying, with high liquidity and medium correlation to market movements (beta); and
2. Selling a call option on those 100 shares, which results in collection of a credit; and
3. Buying a protective put on those 100 shares that defines the amount of risk in the overall position and guards against a large downward move in the price of the stock. (The protective put typically is about 10-20% "out-of-the-money". Having the protective put in place means that each recommended trade will not result in a 100% loss and should not result in a loss of more than 20%).

The Collar strategy gives you the opportunity to roll option positions from month to month, thereby collecting additional premiums against the long stock position and thus reducing the cost and risk of each trade. This can work to your benefit if it is anticipated that the underlying stock is going to continue to trade in a relatively narrow range.

### ***Suggested Allocation***

A minimum of at least \$5,000 is required to Autotrade this strategy. There is no assurance that the trade will be successful.

The length of any specific trade recommendation in the Covered Call with Protective Put strategy typically ranges from 20 to 180 days.

### **Potential Benefits**

- You cannot lose more than your allocation (not including commissions charged by your broker-dealer or dividend risk).
- You have the possibility of receiving dividend payments on underlying stock.
- You also have the possibility of rolling options to generate additional net premiums.
- Investor education.

### **Potential Risks**

- The potential loss is up to 20% of the capital you invest in each trade (which can happen if the price of the underlying stock drops below the "stop" position) plus any commissions charged by your broker-dealer.
- This strategy is capital intensive since you are buying the stock for cash or margin.
- Potential gains will be reduced or possibly eliminated by the commissions you pay for the recommended transactions.
- There can be no assurance this strategy will be successful over time.

### **(3) Time Spread Strategy**

The “Time Spread ” strategy involves:

- The simultaneous sale of a shorter term call option and the purchase of a longer term call option, at the same strike price, in the same underlying, which is known as a “Call Calendar”; or
- The simultaneous sale of a shorter term put option and the purchase of a longer term put option, at the same strike price, in the same underlying, which is known as a “Put Calendar”; or
- The simultaneous sale of a shorter term call/put option and the purchase of a longer term call/put option, at a different strike price, in the same underlying, which is known as a “Diagonal Spread”.

The underlying investment (“underlying”) can either be an individual mid to large cap company or an exchange traded fund (ETF) based on the major Indices (e.g. SPY, DIA, IWM) with high liquidity and medium correlation to market movements (beta).

The structure of a Time Spread will always be short (selling) the shorter term option and long (buying) the longer term option. The positions that TradeWise recommends can be initiated as either a net debit or credit depending on the structure. Both the short and long position that is recommended will be entered simultaneously, so that they are not done as two transactions, known as either a “Calendar spread or a Diagonal spread.”

When recommending a Time Spread, we generally want to see the underlying trading at or near the strike price of the option position. As option expiration gets closer, the shorter term option should decay (lose premium) faster than the longer term option. This would ideally provide the opportunity to buy the short option back for less than it was sold for and then either sell the long option in the back month to close the position or possibly collect additional premium by rolling the short strike to an additional expiration cycle.. We will monitor the recommended trade and will seek to make further recommendations intended to take advantage of such opportunities and/or suggest when to adjust or close the trade.

#### ***Suggested Allocation***

A minimum of at least \$500 is required to Autotrade this strategy. There is no assurance that an individual Time Spread trade will be successful.

The length of any specific trade recommendation in the Time Spread strategy typically ranges from 5 to 50 days.

#### ***Potential Benefits***

- You cannot lose more than your allocation (not including commissions charged by your broker-dealer or dividend risk).
- Potential gains are possible when the underlying remains in a defined trading range and credits generated by rolling the options exceed the debit paid at inception.
- Investor education.

#### ***Potential Risks***

- Any large moves to the upside or to the downside may negatively affect this position.
- If the underlying should move too quickly and there is not a chance to roll, you could potentially lose 100% of your allocation plus any commissions charged by your broker-dealer.
- Potential gains will be reduced or possibly eliminated by the commissions you pay for the recommended transactions.
- There can be no assurance this strategy will be successful over time.

#### **(4) Directional Strategy**

The “Directional” strategy is a defined-risk setup that looks to take advantage of a market move in one particular direction. TradeWise can make trade recommendations using either long single options, long/short vertical call spreads or long/short vertical put spreads in underlying securities (“underlying”) such as individual stocks, ETFs or Indices with high liquidity and generally with moderate volatility. The spread is considered a “Vertical” because the options are on the same underlying in the same expiration month but at different strike prices. The details of each specific trade will be stated in the trade recommendation email that we send you.

A Call Vertical spread involves simultaneously buying one call option and selling another call option at a different strike price in the same underlying, in the same expiration month. A Put Vertical spread involves simultaneously buying a put option and selling another put option, at a different strike price in the same underlying, in the same expiration month. Generally, we will be recommending, “selling” a vertical call or put spread, because there is a higher probability that the recommended trade will be successful.

We will generally recommend selling out-of-the-money Call Verticals or out-of-the-money Put Verticals but reserve the right to recommend individual calls or puts based on volatility. Upon selling the Vertical, an initial credit will be collected. There are three out of four market situations where this type of trade can be successful.

- (1) If the underlying moves sideways for a period of time while seeing a decrease in volatility;
- (2) If the underlying moves away from the short strike; or
- (3) If the underlying moves towards the short strike, but does not surpass the break-even point by expiration.

We may also periodically recommend “Single” long Calls or Puts with a bullish or bearish bias as they are still considered a risk-defined trade. Selling premium against the original long position at a later date can be accomplished as long as the position remains risk-defined.

#### ***Suggested Allocation***

A minimum of at least of \$500 is required to Autotrade this strategy. There is no assurance that an individual Directional trade will be successful.

The length of any specific trade recommendation in the Directional strategy typically ranges from 5 to 50 days.

#### ***Potential Benefits***

- You cannot lose more than your allocation (not including commissions charged by your broker-dealer or dividend risk).
- Potential gain on selling Verticals when the underlying remains in a relatively narrow trading range or on buying Singles/Verticals when the underlying moves in the desired direction.
- Investor education.

#### ***Potential Risks***

- You could potentially lose 100% of your allocation per trade plus any commissions charged by your broker-dealer.
- Potential gains will be reduced or possibly eliminated by the commissions you pay your broker-dealer for the recommended transactions.
- There can be no assurance this strategy will be successful over time.

## **(5) Range Bound Strategy**

The “Range Bound” strategy consists of four possible trade types – “an Iron Condor” a “Double Calendar,” a “Double Diagonal” or a “Straddle/Strangle Swap.” The underlying securities (“underlying”) will be highly liquid individual stocks, ETFs and Indexes (e.g. the SPY, IWM, or DIA) with medium correlation to market movements (beta). The “Range Bound” strategy is the most complex of the strategies we recommend. Accordingly, it is important to have a clear understanding of all previous strategies listed in order to comprehend the nature of a 4 legged spread as it involves simultaneously buying and selling options with more than one strike price, expiration date or sensitivity to the underlying asset’s price.

An “Iron Condor” is an option strategy involving a single complex option spread. It entails the simultaneous sale of an out-of-the-money call “vertical” and an out-of-the-money put “vertical,” in the same month in the same underlying (see the “Directional Spreads” strategy description for additional information about verticals). A call is out-of-the-money when the price of the underlying is lower than the option’s strike price: a put is out-of-the-money when the price of the underlying is higher than the put’s strike price. When looking for an Iron Condor to recommend, we are seeking a calculated probability of approximately 70-80% that the short Call Vertical and the short Put Vertical will not close in the money at options expiration. Only one side of the recommended trade can possibly close in the money since it is structured by means of a vertical on the upside, and a vertical on the downside. An Iron Condor is designed to profit when the underlying remains in a reasonably narrow trading range during the expiration cycle positions that we recommend.

The trade recommendations that we make for an Iron Condor will typically involve collecting a credit upon initiation of the trade. The goal is to keep the initial credit collected upon initiation, which will occur if the underlying stays between the short Put Vertical strike price and short Call Vertical strike price. Depending on market movements and the time remaining to options expiration, we may recommend adjustments to the trade. In some instances, TradeWise may also recommend purchasing Iron Condors in an environment of extremely low volatility with the debit amount being the maximum risk on the trade.

A “Double Calendar” is the purchase of two Calendars, buying a call calendar above the strike price of the underlying and buying a put calendar below the strike price of the underlying. The Double Calendars that we recommend will always involve paying a debit upon initiation of the recommended trades. As the shorter term options that were sold decay and lose value, the idea is that we recommend you buy those shorter term options back by rolling to subsequent cycles, collecting a credit, and therefore reducing the amount of risk on the trade. If our recommendations are successful, upon rolling the two Calendars, you will collect a credit for either a put Calendar roll and/or a call Calendar roll.

“Double Diagonal” - Unlike the Double Calendar, where the strike prices will be the same in both the front and back month, in the Double Diagonal the front month strike prices will be different than the back month strike prices. A Diagonal spread combines a Calendar spread (since the options expire at different times) and a Vertical spread (since the strike prices are different). A Double Diagonal is simply two diagonals. When the diagonals are rolled (collecting a credit on each one), the resulting position will be an Iron Condor. At that point, we will be looking for the same conditions as in the Iron Condor strategy. The biggest difference between the Double Diagonal and the Iron Condor is that the Double Diagonal requires more buying power because of the make-up of the trade.

A “Straddle / Strangle Swap” is the sale of a shorter term at-the-money call and an at-the-money put, which is known as a “Straddle.” This is coupled with the purchase of a longer term out-of-the-money Call and an out-of-the-money put, which is known as a “Strangle.” The call and the put are typically the same distance away from the price at which the underlying is trading. The goal is to roll the short strikes for credits.

***Suggested Allocation***

A minimum allocation of at least \$1,000 is required to Autotrade this strategy. There is no assurance that an individual trade will be successful.

The length of any specific trade recommendation in the "Range Bound" strategy typically ranges from 1 to 50 days.

***Potential Benefits***

- You cannot lose more than your allocation (not including commissions charged by your broker- dealer or dividend risk).
- Potential gains are possible when the trade remains in a defined trading range.
- Investor education.

***Potential Risks***

- Any large moves to the upside or to the downside before we have a chance to recommend adjustments could potentially result in a loss of 100% of your allocation plus any commissions charged by your broker-dealer.
- Potential gains will be reduced or possibly eliminated by the commissions you pay your broker-dealer for the recommended transactions.
- There can be no assurance this strategy will be successful over time.

**(6) Volatility Strategy**

The Volatility Strategy will use a variety of TradeWise Strategies. We aim to take advantage of this product by offering clients a way to participate in event-driven markets and short-term volatility trading strategies. Because of the event-driven nature, the Volatility Strategy will allow clients the opportunity to trade many different option strategies in a short-term time frame in all market sectors.

The Volatility Strategy is most appropriate for experienced option traders. TradeWise clients using this strategy must be extremely attentive to their positions as changes to underlying prices and days to expiration will have a larger impact due to the shorter time frame.

We will use any combination of monthly, quarterly or Weekly option cycles when trading the Volatility Strategy. We generally look for short-term opportunities of approximately 1-60 days. Since we will be using the various strategies listed in this Form ADV Part 2, please see the strategy descriptions listed above to review the details of each strategy. We will look for news-based events for directional trades or high volatility for market-neutral positions. We generally look for high volatility underlyings so that there is the opportunity to sell short-term options that decay at a very fast pace due to the shorter time frame to expiration.

We will use the following strategies: buying single options, buying or selling Vertical Spreads, buying Calendars, buying Diagonals, buying Double Calendars/Diagonals, buying Butterflies\* (see description below) and buying or selling Iron Condors. The strategy implemented by TradeWise on any particular trade will depend on many variables such as the underlying, beta, volatility, timeline and event. The same risks will apply to the trade recommendations in the TradeWise Volatility strategy as detailed in the descriptions of the individual strategies within this Form ADV Part 2. Each trade recommendation that we make will define the strategy that is being used, as well as outline details on the various dynamics of the individual trade.

For the underlying, we will recommend options in equities, ETFs and Indices.

*\* A butterfly is a 3-legged, complex option strategy, comprised of two verticals. It is the simultaneous sale of one call vertical spread and the purchase of another call vertical spread, with a common short strike. Therefore, a butterfly will consist of 4 contracts, but only 3 legs due to the overlapping short strikes. The same would be true of a put butterfly spread.*

### ***Suggested Allocation***

A minimum of at least \$1,000 is required to Autotrade this strategy. There is no assurance that any individual recommendation in the Volatility Strategy will be successful. We recommend that clients who use this strategy have a strong working knowledge of the other TradeWise strategies as described above.

The frequency of TradeWise trade recommendations in Volatility will be similar to the other TradeWise strategies. However, the frequency may increase or decrease from time to time, as the recommendations are more dependent on specific market events such as earnings season.

### ***Potential Benefits***

- Short-term defined risk in that the client cannot lose more than their allocation (not including commissions charged by your broker-dealer or dividend risk).
- May appeal to the active trader as these options trade more frequently and for a shorter time frame than the other options used in different TradeWise strategies.

### ***Potential Risks***

- You could potentially lose 100% of your allocation per trade plus any commissions charged by your broker-dealer.
- Potential gains will be reduced or possibly eliminated by the commissions the client pays for the recommended transactions.
- Weekly options are often more volatile due to the shorter time to expiration and Weeklys will lose time value at an accelerated rate compared to monthly options.
- There can be no assurance this strategy will be successful over time.

### **Related Risk of Loss Common to All Strategies**

Options trading involves a high degree of risk and is not suitable for all investors. You should be prepared to undertake the risks associated with options trading, which may include a total loss of premium and transaction costs. TradeWise strategies are not intended for use in IRAs, may not be suitable or appropriate for IRA clients, and should not be relied upon in making the decision to buy or sell a security, or pursue a particular investment strategy in an IRA.

We do not represent or guarantee that our services, methods of analysis, or investment strategies can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. We cannot, and do not, offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

## **ITEM 9 - DISCIPLINARY INFORMATION**

Form ADV Part 2 requires investment advisers such as TradeWise to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business and/or our management. Neither TradeWise nor any of our management persons have been involved in any events that are material to a client's or prospective client's evaluation of TradeWise or the integrity of its management.

## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

We are required to disclose any relationship or arrangement that is material to our advisory business or our clients with certain *related persons*. *Related persons* are our officers, partners, or directors (or other persons occupying a similar status or performing similar functions), or employees or any other person or company who is under common control with our firm.

TradeWise is a subsidiary of TD Ameritrade Holding Corporation ("Corporation"), a wholly owned subsidiary of The Charles Schwab Corporation ("Schwab"), a publicly traded company. The Corporation also owns TD Ameritrade, Inc., a registered broker/dealer. In May 2010, thinkorswim, Inc., a registered securities broker-dealer merged with TD Ameritrade, Inc. to form a single broker-dealer operating as TD Ameritrade, Inc. ("TD Ameritrade"). The Autotrade service requires you to open and maintain a TD Ameritrade brokerage account. TD Ameritrade, Inc. offers the Autotrade service to all participants in each of our options-based strategies exclusively through a TD Ameritrade brokerage account. Because we are affiliated with TD Ameritrade through common control and ownership, we have a financial incentive to enter orders through TD Ameritrade. While we believe that fees charged by TD Ameritrade are competitive, comparable services may be available through other providers for higher or lower costs.

Per an intercompany agreement between TradeWise and TD Ameritrade, TD Ameritrade provides services and support to TradeWise. In addition, TD Ameritrade shares certain employees with TradeWise necessary to the operation of TradeWise. Accordingly, management persons of TradeWise are also employees of TD Ameritrade and most management persons are also dually registered as registered representative of TD Ameritrade. The furnishing of services to TradeWise is undertaken under TradeWise's oversight, review, approval, supervision and control. TD Ameritrade does not provide any investment advice or otherwise perform any function on behalf of TradeWise. TradeWise maintains all necessary records and information relating to the services it provides to meet its legal and contractual obligations.

## ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### ***Code of Ethics***

We have adopted a Code of Ethics expressing our commitment to ethical conduct. Our firm's Code of Ethics describes our fiduciary duties and responsibilities to our clients, and sets forth our practice of supervising the personal securities transactions of supervised persons with access to client information. Individuals associated with the firm may buy or sell securities for their personal accounts identical to or different from those recommended to clients. It is our expressed policy that no person employed by our firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

To supervise compliance with our Code of Ethics, we require that anyone associated with our advisory practice with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to our Chief Compliance Officer or their designee. We require that all individuals act in accordance with all applicable federal and state regulations governing registered investment advisory practices. Our Code of Ethics also includes our policy prohibiting the use of material non-public information. Any individual not in observance of the above and/or our Code of Ethics may be subject to discipline.

A copy of our Code of Ethics is available to clients or prospective clients upon request.

### ***Participation or Interest in Client Transactions***

Neither our firm nor a related person has any material financial interest in client transactions beyond the provision of services as disclosed in this brochure.

***Personal Trading***

Subject to our Code of Ethics, as described above, our firm and our Associated Persons are restricted from purchasing or selling any security (or derivative thereof) which they know, or reasonably should know, will be recommended in a TradeWise strategy. This restriction prohibits holding recommended securities (a) in their personal accounts and (b) in accounts as to which they have beneficial ownership. Beneficial ownership includes:

1. The accounts of a spouse, minor children, other persons living in their household and non-emancipated adult children (collectively, "family members"),
2. Trusts established for the related person's benefit, family members or any other relative as to which trusts the related person has sole or shared voting or investment power, and
3. Entities in which the related person or his/her family members have sole voting or investment power or as to which the related person or his/her family members have shared voting or investment power and pecuniary interests.

However, the restriction does not apply to securities listed on the S&P 500 and ETFs based on major indices or other large cap issues with a market capitalization or net assets of \$5 billion or more and reasonable trading volume where a transaction in the security will not likely move the market.

Our employees, including officers and control persons of our firm and all individuals involved in providing services on behalf of our firm, are permitted to participate in Autotrade. For additional information on our Autotrade service, see Item 4 above.

**ITEM 12 – BROKERAGE PRACTICES**

TradeWise subscribers may use the information in the strategy recommendations for option strategy education or they may decide to execute the trades recommended in their brokerage account. When the TradeWise strategy recommendations are delivered, TradeWise subscribers have the option to place the transactions at the broker-dealer of their choice. If a subscriber has a brokerage account at TD Ameritrade, they can instruct TD Ameritrade to automatically execute the TradeWise trade recommendations in their TD Ameritrade brokerage account via the Autotrade service. TradeWise Clients who choose to Autotrade at TD Ameritrade may have an advantage over non-Autotrade clients since those recommended transactions may be executed in their accounts before non-Autotrade clients have placed the trades at their respective broker-dealer.

TradeWise is a subsidiary of TD Ameritrade Holding Corporation ("Corporation"). The Corporation also owns TD Ameritrade, Inc., a registered broker/dealer. The Autotrade service requires our clients to open and maintain a brokerage account by TD Ameritrade. TD Ameritrade provides options execution services and competitive commission rates as well as knowledgeable and responsive support staff. Commission rates may vary depending on the relationship you have with TD Ameritrade. TD Ameritrade is a recommended broker since it offers a platform that supports single click complex option spreads order entry and advanced analytical tools. We believe TD Ameritrade provides competitive functionality, speed, and execution of orders. Nonetheless, transactions will not always be executed at the lowest available price or commission. For additional information on our Autotrade service and on opening an Autotrade account, see Item 4 above.

***Research and Other Soft Dollar Benefits***

We do not accept or use research or services ("soft dollars") provided by broker-dealers or other third party service providers in connection with providing advisory services.

***Brokerage for Client Referrals***

We do not receive client referrals from any unaffiliated broker-dealer or third party.



***Directed Brokerage***

When a client chooses to use the Autotrade service to automatically execute TradeWise strategy recommendations, the client is required to have a TD Ameritrade brokerage account at TradeWise's affiliated broker-dealer, TD Ameritrade, Inc. As such, clients may be unable to achieve the most favorable execution of their transactions and may pay higher brokerage commissions than they might otherwise pay through another broker-dealer that offers the same types of services and may cost clients more money. Not all advisers require their clients to direct brokerage.

The ability to Autotrade TradeWise strategy recommendations exclusively at TD Ameritrade involves a potential conflict of interest. TradeWise has an incentive to encourage you to open a TD Ameritrade account because of the amount of fees/commissions you pay their affiliated broker, TD Ameritrade. We believe, however, that the use of TD Ameritrade as a broker to execute transactions via the Autotrade service is primarily in the best interest of our clients as TD Ameritrade provides competitive options execution services and commission rates as well as knowledgeable and responsive support staff as described above. TradeWise will periodically evaluate the execution, performance and reliability of orders executed by TD Ameritrade to help ensure quality executions. Nonetheless, it is your sole decision to determine whether you wish to participate in the Autotrade service and to open a brokerage account with TD Ameritrade.

***Trade Aggregation/Allocation of Investments***

Through the Autotrade service, we will enter a block order into a dedicated TradeWise account at TD Ameritrade. After the order is placed, TD Ameritrade facilitates the processing and filling of the order and then disperses the trade into the TD Ameritrade accounts of the subscribed clients for the particular strategy based on their individually determined Autotrade allocations. The Autotrade allocation amount a subscriber chooses at TD Ameritrade is a ceiling and subscribers will not be included in a trade for an amount above their selected allocation amount. However, due to price movement, some trades may only get a partial fill and then the Autotrade participant may get an allocation less than the dollar amount they have selected. Furthermore, all clients will generally receive at least one contract per block order for an order to be filled.

In the event that the TradeWise block order does not result in at least one contract per client or an error is made in entering a block order, we will seek to correct the error as soon as possible and in such a manner that the clients are not disadvantaged and bear no loss. TradeWise monitors the error account balance. TradeWise is not entitled to retain "net gains" from error account trade corrections. "Net gains" are defined as positive error account balances resulting from trade corrections. TradeWise will automatically offset the Advisor Error Account credit balance versus a designated TD Ameritrade error account each business day. On a quarterly basis, TD Ameritrade will donate any proceeds generated from the designated TD Ameritrade error account to charity.

**ITEM 13 - REVIEW OF  
ACCOUNTS**

Form ADV Part 2 requires investment advisers such as TradeWise to disclose whether the firm periodically reviews client accounts and the frequency of reports that are provided to clients. At this time, we do not review our clients' accounts nor do we provide them with written reports regarding their accounts.

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

Form ADV Part 2 requires investment advisers such as TradeWise to disclose any economic benefits the firm may receive from any third party in connection with providing investment advice to our clients. The Form also requires investment advisers to disclose all arrangements whereby the investment

adviser compensates, directly or indirectly, any person or firm for client referrals. At this time, we do not have any information to report that is applicable to this Item.

#### **ITEM 15 - CUSTODY**

For TradeWise clients who participate in the Autotrade service through TD Ameritrade, clients will receive written account statements from TD Ameritrade at least quarterly detailing the positions and activity in their TD Ameritrade brokerage account. In addition, clients will receive trade confirmations for each buy, sell or exchange transaction in their accounts. Clients should carefully review account statements and trade confirmations for accuracy.

#### **ITEM 16 - INVESTMENT DISCRETION**

If you participate in the Autotrade service, TD Ameritrade will automatically execute all new recommendations for each individual TradeWise strategy to which you subscribe in your TD Ameritrade brokerage account. Additionally, TD Ameritrade will execute any subsequent adjustments and closing recommendations in your brokerage account until you elect to discontinue the service.

Through Autotrade, you must establish a specific allocation amount per trade, and per strategy ("specific allocation amount"). We will then determine which securities to trade within your pre-defined allocation limits. TD Ameritrade will execute the transactions per the authority granted by you via your acceptance and acknowledgment of the provisions of the electronic Autotrade Limited Trading Authorization and Agreement.

We do not tailor our investment advice to any one individual subscriber's needs. Instead, we tailor our investment recommendations and trading decisions based on our strategies' objectives, as further described in the *Methods of Analysis, Investment Strategies and Risk of Loss* section above. Therefore, other than your preset specific allocation amount, you will not be able to set restrictions or impose any limitations on the trading authority you grant to TD Ameritrade under the Autotrade service. You may cancel or change your Autotrade allocations at any time. If you choose to cancel your allocations, all existing positions will continue to be adjusted and closed per TradeWise recommendations. However, no new positions will be placed for you. You have the option to cancel Autotrade altogether and take control of all your own open positions. If you choose to cancel Autotrade, you must contact the TD Ameritrade trade desk immediately to remove your Limited Trading Authorization.

If you do not use TD Ameritrade's Autotrade service, you can choose to use the TradeWise strategy recommendations for educational purposes or you can choose to implement the recommendations at the broker dealer of your choice.

#### **ITEM 17 - VOTING CLIENT SECURITIES**

We do not vote proxies on behalf of our clients and we do not provide advice regarding proxy-voting issues. You are responsible for instructing each custodian holding your account assets to forward all proxy and other shareholder communications to you.

#### **ITEM 18 - FINANCIAL INFORMATION**

We do not require or solicit prepayment of fees of more than \$1,200 per client, six months or more

in advance. We are well capitalized and do not foresee any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to you. We have never been the subject of a bankruptcy petition.

## **TradeWise Advisors, Inc.**

600 W. Chicago Avenue, Suite 100  
Chicago, Illinois 60654  
Telephone: 877-733-6786

[www.tradewise.com](http://www.tradewise.com)

December 16, 2019

### **FORM ADV PART 2B BROCHURE SUPPLEMENT**

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- Christian Wright
- Thomas J. Neil
- Todd Sweet

This brochure supplement provides information on the personnel listed above and supplements the TradeWise Advisors, Inc. ("TradeWise") brochure. You should have received a copy of that brochure. Please contact us at 877-733-6786 if you did not receive TradeWise's brochure or if you have any questions about the contents of this supplement.

Additional information about Christian Wright, Thomas J. Neil, Todd Sweet is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Christian Wright**  
Operations Manager

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## **Item 2 Educational Background and Business Experience**

*Year of Birth:* 1977

*Formal Education after High School:*

- BA, Technical Sales, Weber State University

*Business Background for the Previous Five Years:*

- TradeWise Advisors, Inc. (formerly known as RED Option Advisors, Inc.), Operations Manager  
05/2011- Present

*Certifications:*

- Series 7—General Securities Representative Examination, 04/14/2008
- Series 63—Uniform Securities Agent State Law Examination, 05/16/2008
- Series 24—General Securities Principal Examination, 09/01/2010
- Series 66—Uniform Combined State Law Examination, 01/20/2011
- SIE—Securities Industry Essentials Examination, 10/2018

## **Item 3 Disciplinary Information**

TradeWise is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Christian Wright. No events have occurred that are applicable to this item.

## **Item 4 Other Business Activities**

TradeWise is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Christian Wright is currently not actively engaged in any outside business activity or occupation.

## **Item 5 Additional Compensation**

Mr. Wright receives compensation solely from TD Ameritrade arising from his responsibilities to TradeWise and from no other source.

## **Item 6 Supervision**

TradeWise has established and maintains policies and procedures reasonably designed to comply with the Investment Advisers Act of 1940, including supervision of its associates' activities. Mr. Brad Nave, Vice President of TradeWise is responsible for supervising the activities of Mr. Wright and may be reached at 877-733-6786.

**Thomas J. Neil**  
TradeWise Strategist

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## **Item 2 Educational Background and Business Experience**

*Year of Birth:* 1966

*Formal Education after High School:*

- BA Marketing, Florida Atlantic University

*Business Background for the Previous Five Years:*

- TradeWise Advisors Inc. (formerly known as RED Option Advisors, Inc.), Senior Specialist, 06/2015-Present
- TD Ameritrade Inc., Senior Trade Desk Specialist, 2014-2015
- Ronin Capital LLC, Commodities Options Trader, 2012-2013

*Certifications:*

- Series 7—General Securities Representative Examination, 10/30/2014
- Series 63—Uniform Securities Agent State Law Examination, 12/03/2014
- Series 3—National Commodity Futures Examination, 03/27/2015
- Series 66—Uniform Combined State Law Examination, 07/15/2015
- SIE—Securities Industry Essentials Examination, 10/2018

## **Item 3 Disciplinary Information**

TradeWise is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Thomas Neil. No events have occurred that are applicable to this item.

## **Item 4 Other Business Activities**

TradeWise is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Thomas Neil is currently not actively engaged in any outside business activity or occupation.

## **Item 5 Additional Compensation**

Mr. Neil receives compensation solely from TD Ameritrade arising from his responsibilities to TradeWise and from no other source.

## **Item 6 Supervision**

TradeWise has established and maintains policies and procedures reasonably designed to comply with the Investment Advisers Act of 1940, including supervision of its associates' activities. Mr. Brad Nave, Vice President of TradeWise is responsible for supervising the activities of Mr. Neil and may be reached at 877-733-6786.

**Todd Sweet**  
Senior Trade Specialist

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## **Item 2 Educational Background and Business Experience**

*Year of Birth:* 1965

*Formal Education after High School:*

- MBA, Michigan State University
- BS, Central Michigan University

*Business Background for the Previous Five Years:*

- TradeWise Advisors, Inc., Senior Specialist, 08/2018-Present
- Chicago Sport and Social Club, Sports Official 08/2006 to Present
- TD Ameritrade Institutional, Thinkpipes Desk, Senior Trade Specialist, 06/2016 to 08/2018
- TD Ameritrade, Think or Swim Desk Senior Specialist 04/2015 to 06/2016
- TCFG Wealth Management, Vice President of Trading Operations, 03/2013 to 03/2015
- BOSS Officials, Sports Official, 04/2011 to 03/2015

*Certifications:*

- Series 3—National Commodity Futures Examination, 09/2015
- Series 7—General Securities Representative Examination, 06/2014
- Series 34—Retail Off-Exchange FOREX Examination, 04/2016
- Series 66—Uniform Combined State Law Examination, 09/2014
- SIE—Securities Industry Essentials Examination, 10/2018

## **Item 3 Disciplinary Information**

TradeWise is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Todd Sweet. No events have occurred that are applicable to this item.

## **Item 4 Other Business Activities**

TradeWise is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Todd Sweet is currently a sports official, which does not create any conflict with clients.

## **Item 5 Additional Compensation**

Mr. Sweet receives compensation solely from TD Ameritrade arising from his responsibilities to TradeWise and from no other source.

## **Item 6 Supervision**

TradeWise has established and maintains policies and procedures reasonably designed to comply with the Investment Advisers Act of 1940, including supervision of its associates' activities. Mr. TJ Neil, Trading Strategist of TradeWise is responsible for supervising the activities of Mr. Sweet and may be reached at 877-733-6786.