

D’Orazio & Associates, Inc.

SEC File Number: 801 – 63706

ADV Part 2A, Firm Brochure
Dated: March 2, 2023

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This Brochure provides information about the qualifications and business practices of D’Orazio & Associates, Inc. (“D’Orazio & Associates”). If you have any questions about the contents of this Brochure, please contact us at (703) 269-3100 or dbt@dorazioadvisors.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 D’Orazio & Associates is also available on the SEC’s website at www.adviserinfo.sec.gov.

References to D’Orazio & Associates 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 the March 30, 2022, annual update filing, this ADV Part 2A Brochure has been amended as follows:

- Item 1 identifies David Trenner as D’Orazio & Associates’ new Chief Compliance Officer;
- Item 4.A. reflects a change in D’Orazio & Associates’ principal ownership;
- Items 4.B. and 5.A. describe the Retirement Plan Consulting Services and the affiliated fees charged for those services, which D’Orazio & Associates may offer to certain existing clients; and
- Item 5.A.:
 - includes a new tier for clients with assets under advisement between \$4,000,000 and \$6,000,000, which is used to compute the Annual Advisor Compensation, and
 - reflects the 0.50% additional fee incorporated into the Annual Advisor Compensation for services provided for private foundation accounts.

D’Orazio & Associates’ Chief Compliance Officer, David Trenner, is available to address any questions about this Brochure, any conflicts of interest presented, and any aspect of D’Orazio & Associates’ services.

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Item 4 Advisory Business

- A. D'Orazio & Associates is a Virginia corporation formed on June 7, 2004, which became registered as an investment adviser in December 2004. Andrew Eskelsen, Jeremy Meek, David Trenner, and Jennifer VanLandingham are D'Orazio & Associates' principal owners.
- B. D'Orazio & Associates offers financial planning, investment and non-investment related consulting discretionary investment management services, and retirement plan consulting services to its clients, who generally include individuals, high net worth individuals, trusts and estates, and related retirement plans.

INVESTMENT ADVISORY SERVICES

Clients can engage D'Orazio & Associates to provide discretionary investment advisory services on a fee-only quarterly retainer basis subject to the terms and conditions of a Financial Planning and Investment Management Agreement. Before D'Orazio & Associates provides investment advisory services, an investment adviser representative will coordinate with the client to develop investment objectives, based upon an assessment of factors that typically include capital preservation; risk tolerance; income production; liquidity requirements; client preferences; asset and liability levels; and investment restrictions. D'Orazio & Associates will then allocate investment assets consistent with the designated investment objectives, risk tolerance, investment time horizon, withdrawal requirements, and other special circumstances. We suggest strategies to accomplish agreed-upon goals and use a coordinated implementation and monitoring process for which clients are responsible to notify us of any changes in their circumstances or other information that might affect the advice or services they receive. Currently, D'Orazio & Associates primarily allocates investment assets among various mutual funds, exchange traded funds ("ETFs"), individual equities, and individual bonds, on a discretionary basis in accordance with the client's designated investment objectives. Once assets are allocated, D'Orazio & Associates provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives and may execute account transactions on a discretionary basis based on those reviews or other triggering events.

For certain clients who generally meet the definition of "High Net Worth Individual," D'Orazio & Associates may allocate investment assets held in accounts designated for management valued at \$250,000 or greater, to a separately managed account program that D'Orazio & Associates manages in conjunction with an independent investment manager ("SMA Program"). D'Orazio & Associates generally considers the following factors when recommending the SMA Program: client investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The SMA Program that D'Orazio & Associates leverages currently invests in individual domestic equities, American Depositary Receipts ("ADRs") for international equities, and ETFs (primarily for fixed income purposes). D'Orazio & Associates uses this SMA Program to create an equity and fixed income allocation, which is customized to the respective client's investment objectives. Then, the SMA Program is responsible for initial and ongoing trade execution. To help manage that process, D'Orazio & Associates sets an all-allowable drift from the underlying index, which allows for intra-year tax management through the realization of losses on a portion of the underlying index. Also, although the SMA Program will have day-to-day responsibility for the active discretionary management of the allocated assets, D'Orazio & Associates will continue to provide investment supervisory services for those client assets, which includes ongoing monitoring and review of account performance, asset allocation, and comparison to investment objectives.

For the fixed income portion of client portfolios, D'Orazio & Associates primarily invests client assets in fixed income-based mutual funds and ETFs. However, for certain clients with fixed income allocations of approximately \$250,000 or more per account, we may purchase individual fixed income securities mainly issued by U.S. financial institutions, municipalities, the federal government, or government agencies. These securities are typically laddered with maturities coordinated with a client's anticipated cash needs and based on our view about the yield curve for that security and economic environment.

D'Orazio & Associates' "Annual Advisor Compensation" as described in Item 5.A. below compensates for investment management services, and ongoing financial planning and consulting services that may include the following: general review of property and liability insurance coverage; income tax planning; cash management; estate planning; planning for children's education; retirement planning; retirement plan distribution analysis; real estate investment analysis; charitable gifting techniques; planning for special needs (e.g., disabled child, elder care, Medicaid qualification, etc.); divorce counseling; advanced estate planning techniques; practice management; planning for special situations (e.g., a business opportunity, an investment opportunity, buy-sell agreement, employment agreement, etc.).

RETIREMENT PLAN CONSULTING SERVICES

Upon specific client request, D'Orazio & Associates may agree to provide retirement plan consulting services to sponsors of self-directed retirement plans organized under the Employee Retirement Security Act of 1974. The terms and conditions of the engagement between D'Orazio & Associates and the plan sponsor will be set forth in a Retirement Plan Services Agreement. When D'Orazio & Associates performs these services in an ERISA Section 3(21) capacity, it will assist the plan sponsor with the development of investment policy statements, and then the selection and monitoring of investment alternatives including qualified default investment alternatives from which plan participants may choose in self-directing the investments for their individual plan retirement accounts. Upon request by the plan sponsor, D'Orazio & Associates may also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts.

MISCELLANEOUS

ERISA / IRC Fiduciary Acknowledgment. When D'Orazio & Associates provides investment advice to a client about the client's retirement plan account or individual retirement account, it does so as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. Because the way D'Orazio & Associates makes money creates some conflicts with client interests, D'Orazio & Associates operates under a special rule that requires it to act in the client's best interest and not put its interests ahead of the client's. Under this special rule's provisions, D'Orazio & Associates must: meet a professional standard of care when making investment recommendations (give prudent advice); never put its financial interests ahead of the client's when making recommendations (give loyal advice); avoid misleading statements about conflicts of interest, fees, and investments; follow policies and procedures designed to ensure that D'Orazio & Associates gives advice that is in the client's best interest; charge no more than is reasonable for D'Orazio & Associates' services; and give the client basic information about conflicts of interest.

Retirement Plan Rollovers – No Obligation / Conflict of interest. A client or prospective client leaving an employer has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). If D’Orazio & Associates recommends that a client roll over their retirement plan assets into an account to be managed by D’Orazio & Associates, such a recommendation creates a conflict of interest if D’Orazio & Associates will earn a new (or increase its current) advisory fee as a result of the rollover. We mitigate this conflict by charging on an annual fixed fee, which generally contemplates the value of existing retirement plan assets regardless of a rollover recommendation. Clients are not obligated to roll over retirement plan assets to an account managed by D’Orazio & Associates.

Portfolio Trading Activity / Inactivity. As part of its investment advisory services, D’Orazio & Associates will review client portfolios on an ongoing basis to determine if any trades are necessary based upon various factors, including but not limited to investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, the client’s financial circumstances, and changes in the client’s investment objectives. Based upon these and other factors, there may be extended periods when D’Orazio & Associates determines that upon review, trades within a client’s portfolio are not prudent. Clients nonetheless remain subject to the fees described in Item 5 during periods of portfolio trading inactivity.

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. D’Orazio & Associates may agree to provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. However, neither D’Orazio & Associates, nor any of its representatives, serves as an attorney, accountant, or as a licensed insurance agent to any D’Orazio & Associates’ clients, and no portion of D’Orazio & Associates’ services should be construed as legal, accounting, or insurance brokerage services. Accordingly, D’Orazio & Associates does not prepare estate planning documents, tax returns, or sell insurance products. Unless specifically agreed in writing, neither D’Orazio & Associates nor its representatives are responsible to implement or provide ongoing monitoring of any financial plans or financial planning advice. D’Orazio & Associates’ consulting services are completed upon communicating its recommendations to the client. Upon client request, D’Orazio & Associates may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance agents, etc.). Clients are not obligated to engage the services of any recommended professionals, who are responsible for the quality and competency of the services they provide. Although Joseph A. D’Orazio, is licensed as a Certified Public Accountant (CPA) and an attorney in his separate individual capacity, Mr. D’Orazio does not offer or provide accounting or legal services to any of D’Orazio & Associates’ clients, and no corresponding CPA-client or attorney-client relationship is established. Clients retain absolute discretion over all financial planning, consulting, and related implementation decisions, and is free to accept or reject any recommendation from D’Orazio & Associates and its representatives.

Client Obligations. When performing its services, D’Orazio & Associates is not required to verify any information received from the client or from the client’s designated professionals and is expressly authorized to rely on that information. D’Orazio & Associates encourages clients to promptly notify us if there is ever any change in their financial situation or investment objectives for the purpose of reviewing or amending our services or previous recommendations.

Asset Aggregation / Reporting Services. D'Orazio & Associates may provide access to reporting services through one or more third-party aggregation / reporting platforms that can reflect all of the client's investment assets, including those investment assets that the client has not engaged D'Orazio & Associates to manage (the "Excluded Assets"). D'Orazio & Associates' service for the Excluded Assets is strictly limited to reporting, and specifically excludes investment management or implementation. Because D'Orazio & Associates does not have trading authority for the Excluded Assets, the client (and/or another investment professional designated by the client), and not D'Orazio & Associates, will be exclusively responsible for directly implementing any recommendations for the Excluded Assets and the resulting performance or related activity (such as timing and trade errors) pertaining to the Excluded Assets. The third-party aggregation / reporting platforms may also provide access to financial planning information and applications, which should not be construed as services, advice, or recommendations provided by D'Orazio & Associates. Accordingly, D'Orazio & Associates will not accept responsibility for adverse results a client may experience if the client engages in financial planning or other functions available on the third party reporting platforms without D'Orazio & Associates' participation or oversight.

- C. D'Orazio & Associates provides investment advisory services specifically tailored to the needs of each client. Before providing investment advisory services, an investment adviser representative will coordinate with each client to develop their investment objectives. Then, D'Orazio & Associates will allocate or recommend that clients allocate investment assets consistent with the designated investment objectives. The client may, at any time, impose reasonable restrictions, in writing, on D'Orazio & Associates' services.
- D. D'Orazio & Associates does not participate in a wrap fee program.
- E. As of December 31, 2022, D'Orazio & Associates had \$1,013,554,969 in assets under management on a discretionary basis, and \$1,594,621 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

- A. Clients can engage D'Orazio & Associates to provide fee-only discretionary investment advisory services on a fixed quarterly retainer basis, or stand-alone financial planning services on a fixed fee basis as described below.

INVESTMENT ADVISORY SERVICES

D'Orazio & Associates charges an annual fixed fee for ongoing financial planning and discretionary investment advisory services (the "Annual Advisor Compensation"), which is payable in quarterly installments. The amount of the Annual Advisor Compensation is based upon the agreed-upon and combined value of the client's "Assets Under Advisement," which means: all assets that D'Orazio & Associates' will actively manage, plus the value of the client's assets held in employer sponsored retirement plan accounts where D'Orazio & Associates' is not authorized to execute trades, but for which the client is engaging D'Orazio & Associates to provide investment advice.

The Annual Advisor Compensation will be initially calculated based on the agreed-upon value of Assets Under Advisement as of the date the client signs the Financial Planning and Investment Management Agreement. Thereafter, the amount of the Annual Advisor Compensation will be recalculated based on the agreed-upon value of Assets Under Advisement established during the annual review meetings held between the Client and D'Orazio & Associates. The Annual Advisor

Compensation is generally based on the market value of the client's combined Assets Under Advisement as follows:

<u>Assets Under Advisement</u>	<u>Annual Advisor Compensation</u>
Up to \$2,000,000	\$10,000.00
\$2,000,001 - \$4,000,000	\$15,000.00
\$4,000,001 - \$6,000,000	\$22,500.00
\$6,000,001 - \$8,000,000	\$30,000.00
\$8,000,001 - \$15,000,000	\$50,000.00
\$15,000,001 +	Negotiable

Without limiting the above, D'Orazio & Associates' Annual Advisor Compensation includes an additional 0.50% of the value of assets under advisement for client-related private foundation accounts.

In certain limited cases and as an exception to the above, D'Orazio & Associates will extend a courtesy discount to family members of existing clients whose Assets Under Advisement are below \$1,000,000. In those limited cases, the Annual Advisor Compensation is generally based on the market value of the client's combined Assets Under Advisement as follows:

<u>Assets Under Advisement</u>	<u>Annual Advisor Compensation</u>
\$100,000 - \$250,000	\$3,500.00
\$250,001 - \$400,000	\$4,625.00
\$400,001 - \$550,000	\$5,600.00
\$550,001 - \$700,000	\$6,275.00
\$700,001 - \$850,000	\$6,800.00
\$850,001 - \$1,000,000	\$8,000.00

The Annual Advisor Compensation contemplates the value of cash and cash equivalent positions in the account. Although D'Orazio & Associates' Annual Advisor Compensation is generally non-negotiable, D'Orazio & Associates, in its sole discretion, may reduce its Annual Advisor Compensation based upon certain criteria (i.e., whether the client is the SMA Program, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, complexity of financial affairs, related accounts, account composition, negotiations with client, etc.).

Clients do not pay additional fees to D'Orazio & Associates by virtue of their participation in the SMA Program. However, D'Orazio & Associates may consider the costs it incurs for clients participating in the program if that client has requested a deviation from the standard Annual Advisor Compensation schedules stated above. For the SMA Program, the costs that D'Orazio & Associates incurs can vary based upon the type of securities in which clients are invested. Therefore, D'Orazio & Associates may have an incentive to allocate investment assets through the SMA Program to those types of securities that do not result in a fee being charged to D'Orazio & Associates. D'Orazio & Associates mitigates that conflict of interest by allocating investment assets through the SMA Program based upon client investment objectives, without regard to the related costs it incurs.

Certain legacy clients may have accepted different pre-existing service offerings from D'Orazio & Associates and may therefore receive services under different fee schedules than those set forth above. As a result of all of the above, similarly situated clients could pay different fees, which correspondingly impacts a client's net account performance. Moreover, the services to be provided

by D'Orazio & Associates to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

RETIREMENT PLAN CONSULTING SERVICES

D'Orazio & Associates charges a non-negotiable annual fee for retirement plan consulting services equal to 0.50% of the market value of assets held by the plan, which is prorated and payable quarterly, in advance, based on the plan value as of the last day of the previous billing quarter.

- B. Clients may elect to have D'Orazio & Associates' advisory fees deducted from their custodial account. Both D'Orazio & Associates' Financial Planning and Investment Management Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of D'Orazio & Associates' Annual Advisor Compensation and to directly remit that fee to D'Orazio & Associates in compliance with regulatory procedures. If D'Orazio & Associates bills the client directly, payment is due upon receipt of the invoice. D'Orazio & Associates will deduct fees or bill clients quarterly in advance based upon the agreed-upon and combined value of the Client's Assets Under Advisement.
- C. D'Orazio & Associates generally recommends that Schwab or National Financial Services LLC / Fidelity Clearing and Custody Solutions ("Fidelity"), both SEC-registered and FINRA member broker-dealers, and their respective affiliated entities serve as the broker-dealer/custodian for client investment management assets. Broker-dealers charge transaction fees for executing certain securities transactions according to their fee schedule, and they or their affiliated custodians also impose charges for custodial services / fees associated with maintaining the client's account. Without limiting the foregoing, clients may be required to pay certain charges and administrative fees related to their investment advisory accounts, including, but not limited to transaction charges (including mark-ups and mark-downs) resulting from trades executed through or with a broker-dealer other than the designated broker-dealer/custodian, transfer taxes, transfer or wiring fees, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. For mutual fund and ETF purchases, clients will incur charges imposed by the respective fund, which represent the client's pro rata share of the fund's management fee and other fund expenses. These fees and expenses are described in each fund's prospectus or other offering documents. D'Orazio & Associates sources fixed income securities using a network of 300+ broker/dealers; these brokers charge a fee for these purchases that is not to exceed 0.10% of the purchase amount. In addition, custodians may charge additional fees to process and allocate these charges to client accounts, such as "tradeaway" or "prime brokerage" fees. D'Orazio & Associates, Inc. does not receive any compensation, in any form, from those fund or brokerage companies. The fees charged by the applicable broker-dealer/custodian, fund companies, and the charges imposed by mutual funds and ETFs, are separate from and in addition to D'Orazio & Associates' Annual Advisor Compensation.
- D. D'Orazio & Associates' Annual Advisor Compensation is prorated and paid quarterly, in advance. The applicable form of agreement between D'Orazio & Associates and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the agreement. Upon termination, D'Orazio & Associates will refund the pro-rated portion of any advanced advisory fee paid based upon the number of days remaining in the billing quarter or work performed.
- E. Neither D'Orazio & Associates, 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 D'Orazio & Associates, nor any supervised person of D'Orazio & Associates, accepts performance-based fees.

Item 7 Types of Clients

D'Orazio & Associates' clients generally include individuals, high net worth individuals, trusts and estates. D'Orazio & Associates generally requires initial minimum account assets of \$100,000 under advisement as reflected in Item 5.A and seeks to provide investment advisory services to clients having at least \$1,000,000 in assets designated for D'Orazio & Associates' management. D'Orazio & Associates, in its sole discretion, may reduce its Annual Advisor Compensation and/or waive or reduce its minimum asset preference based upon certain criteria (i.e., whether the client is participating in the SMA Program, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, complexity of financial affairs, related accounts, account composition, negotiations with client, etc.).

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

- A. D'Orazio & Associates advocates a long-term investment approach is the best strategy for its clients. Long term is defined by holding securities for at least one year. There will be some conditions when D'Orazio & Associates will advise its clients to hold securities for less than one year. Although there can be no guarantee, D'Orazio & Associates believes the strategy of being globally diversified is critical to achieving long-term success in the capital markets.

D'Orazio & Associates primarily uses fundamental analysis when evaluating investments. D'Orazio & Associates uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases.

D'Orazio & Associates' methods of securities analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria, as further described below:

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation, and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

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

- B. D’Orazio & Associates’ methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis D’Orazio & Associates must have access to current/new market information. D’Orazio & Associates has no control over the dissemination rate of market information; therefore, unbeknownst to D’Orazio & Associates, certain analyses may be compiled with outdated market information, severely limiting the value of D’Orazio & Associates’ 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.

D’Orazio & Associates’ 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.

Margin / Securities Based Loans. D’Orazio & Associates does not recommend the use of margin for investment purposes. However, if a client determines to take a margin loan that collateralizes a portion of the assets that D’Orazio & Associates is managing, D’Orazio & Associates’ Annual Advisor Compensation will be computed based upon the full value of the assets, without deducting the amount of the margin loan.

Without limiting the above, upon specific client request and generally in a financial planning context, D’Orazio & Associates may help clients evaluate and establish a margin or securities based loan (collectively, “SBL”) with the client’s broker-dealer/custodian or their affiliated banks (each, an “SBL Lender”) to access cash flow. Compared to real estate-backed loans, SBLs can provide access to funds in a shorter time, provide greater repayment flexibility, and may also result in the borrower receiving certain tax benefits. Clients interested in learning more about the potential tax benefits of SBLs should consult with an accountant or tax advisor. The terms and conditions of each SBL are contained in a separate agreement between the client and the SBL Lender selected by the client, which terms and conditions may vary from client to client. SBLs are not suitable for all clients and are subject to certain risks, including but not limited to: increased market risk, increased risk of loss, especially in the event of a significant downturn; liquidity risk; the potential

obligation to post collateral or repay the SBL if the SBL Lender determines that the value of collateralized securities is no longer sufficient to support the value of the SBL; the risk that the SBL Lender may liquidate the client's securities to satisfy its demand for additional collateral or repayment / the risk that the SBL Lender may terminate the SBL at any time. Before agreeing to participate in SBL programs, clients should carefully review the applicable SBL agreement and all risk disclosures provided by the SBL Lender including the initial margin and maintenance requirements for the specific program in which the client enrolls, and the procedures for issuing "margin calls" and liquidating securities and other assets in the client's accounts.

If D'Orazio & Associates recommends that a client apply for SBLs instead of selling securities that D'Orazio & Associates manages for a fee to meet liquidity needs, the recommendation presents an ongoing conflict of interest because selling those securities (instead of leveraging those securities to access SBLs) would reduce the amount of assets to which D'Orazio & Associates' Annual Advisor Compensation applied, and thereby reduce the amount of investment advisory fees collected by D'Orazio & Associates. Likewise, the same ongoing conflict of interest is present if a client determines to apply for SBLs on their own initiative. These ongoing conflicts of interest would persist as long as D'Orazio & Associates has an economic disincentive to recommend that the client terminate the use of SBLs. If the client were to invest any portion of the SBL proceeds in an account that D'Orazio & Associates manages, D'Orazio & Associates could receive an advisory fee on the invested amount depending upon when the fee is calculated, which could compound this conflict of interest. If a client accesses a SBL through its relationship with D'Orazio & Associates and the client's relationship with D'Orazio & Associates is terminated, clients may incur higher (retail) interest rates on the outstanding loan balance. Clients are not under any obligation to employ the use of SBLs, and are solely responsible for determining when to use, reduce, and terminate the use of SBLs. Although D'Orazio & Associates seeks to disclose all conflicts of interest related to its recommended use of SBLs and related business practices, there may be other conflicts of interest that are not identified above. Clients are therefore reminded to carefully review the applicable SBL agreement, and all risk disclosures provided by the SBL Lender as applicable and contact D'Orazio & Associates' Chief Compliance Officer with any questions about the use of SBLs.

SMA Program Risk. D'Orazio & Associates conducts due diligence about the SMA Program's investment style, process, and the assets in which it invests. However, the nature of the SMA Program dictates that D'Orazio & Associates will not have the opportunity to evaluate each specific transaction that the SMA Program managers will execute on the client's behalf. As a result, the rates of return to clients will primarily depend upon the choice of investments and other investment and management decisions of the SMA Program managers, and returns could be adversely affected by unfavorable performance of the SMA Program. Further, D'Orazio & Associates depends on the SMA Program to develop the appropriate systems and procedures to control operational risks.

Inverse/Enhanced Market Strategies. D'Orazio & Associates may use long and short mutual funds and ETFs that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct D'Orazio & Associates, in writing, not to employ any or all such strategies for their accounts.

Cybersecurity Risk. The information technology systems and networks that D’Orazio & Associates and its third-party service providers use to provide services to D’Orazio & Associates’ clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in D’Orazio & Associates’ operations and result in the unauthorized acquisition or use of clients’ confidential or non-public personal information. Clients and D’Orazio & Associates are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost, and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although D’Orazio & Associates has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that D’Orazio & Associates does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

Unaffiliated Private Investment Funds. While D’Orazio & Associates does not currently do so, it previously and could potentially recommend that clients consider investments in unaffiliated private investment funds. D’Orazio & Associates’ role relative to the private investment funds is currently limited to ongoing due diligence and investment monitoring services. If a client determined to become a private fund investor, the amount of assets invested in the funds are included as part of “assets under management” for purposes of D’Orazio & Associates calculating its Annual Advisor Compensation identified in Item 5. Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, according to which the client establishes they are qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment. If D’Orazio & Associates references private investment funds owned by the client on any supplemental account reports prepared by D’Orazio & Associates, the values for all private investment funds owned by the client will reflect the most recent valuation provided by the fund sponsor. If the fund sponsor does not provide a post-purchase valuation, then the valuation will reflect the initial purchase price. The current value of any private investment fund could be significantly more or less than the original purchase price or the price reflected in any supplemental account report.

- C. Currently, D’Orazio & Associates primarily allocates investment assets among various mutual funds and/or ETFs, individual equities, individual bonds, and/or the SMA Program generally on a discretionary basis in accordance with the client’s designated investment objectives. Each type of security has its own unique set of risks associated with it, and it would not be possible to describe the specific risks of every type of investment. However, the following provides a short description of some of the underlying risks associated with investing in the types of securities to which D’Orazio & Associates allocates client investment assets:

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

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

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

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

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

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

Commodity Risk. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments.

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

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

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

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

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

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

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

Mutual Fund and ETF Risks. An investment in a mutual fund or ETF involves risk, including the risk that the general level of security prices may decline, thereby adversely affecting the investment value. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities, which can result in the loss of principal. Mutual fund and ETF shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains if they sell securities for a profit that cannot be offset by a corresponding loss. As such, a mutual fund or ETF client or investor may incur substantial tax liabilities even when the fund underperforms.

An ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of securities held. ETFs in which the strategies invest have their own fees and expenses as set forth in the ETF prospectuses. ETFs may have exposure to derivative instruments, such as futures contracts, forward contracts, options, and swaps. There is a risk that a derivative may not perform as expected. The main risk with derivatives is that some types can amplify a gain or loss, potentially earning or losing substantially more money than the actual cost of the derivative, or that the counterparty may fail to honor its contract terms, causing a loss for the ETF. Use of these instruments may also involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk, and the risk that an ETF could not close out a position when it would be most advantageous to do so. Some ETFs available are less than 10 years old. Accordingly, there is limited data available to use when assessing the investment risk of some of these ETFs. As a result, one or more of the following may occur: (i) poor liquidity in or limited availability of the ETFs, or (ii) lack of market depth causing the ETFs to trade at excessive premiums or discounts.

Mutual funds are operated by investment companies that raise money from shareholders and invest it in stocks, bonds, and/or other types of securities. Each fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Shares of mutual funds are distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per

share net asset value (“NAV”), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes in the market value of the fund’s holdings. The trading prices of a mutual fund’s shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund’s shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro-rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. While clients and investors may be able to sell their ETF shares on an exchange, ETFs generally only redeem shares directly from shareholders when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Dimensional Fund Advisors. D’Orazio & Associates may allocate client investment assets to funds issued by Dimensional Fund Advisors (“DFA”), some of which are only available through selected registered investment advisers. Therefore, upon the termination of D’Orazio & Associates’ services, a client may experience restrictions on the transfer, additional purchases, or reallocation among DFA funds.

Item 9 Disciplinary Information

D’Orazio & Associates has not been the subject of any legal or disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither D’Orazio & Associates, 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 D’Orazio & Associates, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. D’Orazio & Associates has no other relationship or arrangement with a related person that is material to its advisory business. Although D’Orazio & Associates’ representative Joseph A. D’Orazio, is licensed as a Certified Public Accountant (CPA) and an attorney in his separate individual capacity, Mr. D’Orazio does not offer or provide accounting or legal services to any of D’Orazio & Associates’ clients, and no corresponding CPA-client or attorney-client relationship is established.
- D. D’Orazio & Associates 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. D'Orazio & Associates maintains an investment policy relative to personal securities transactions. This investment policy is part of D'Orazio & Associates' overall Code of Ethics, which serves to establish a standard of business conduct for all of D'Orazio & Associates' 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, D'Orazio & Associates also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by D'Orazio & Associates or any person associated with D'Orazio & Associates.
- B. Neither D'Orazio & Associates nor any related person of D'Orazio & Associates recommends, buys, or sells for client accounts, securities in which D'Orazio & Associates or any related person of D'Orazio & Associates has a material financial interest.
- C. D'Orazio & Associates and its representatives may buy or sell securities that are also recommended to clients. This practice may create a situation where D'Orazio & Associates and its representatives 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 D'Orazio & Associates 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 before those of D'Orazio & Associates' clients) and other potentially abusive practices.

D'Orazio & Associates has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of D'Orazio & Associates' "Access Persons." D'Orazio & Associates' securities transaction policy requires that an Access Person of D'Orazio & Associates must provide the Chief Compliance Officer or their 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 their 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 D'Orazio & Associates selects; provided, however that at any time that D'Orazio & Associates has only one Access Person, they would not be required to submit any securities report described above.

- D. D'Orazio & Associates and its representatives may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where D'Orazio & Associates and its representatives 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, D'Orazio & Associates has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of D'Orazio & Associates' Access Persons.

Item 12 **Brokerage Practices**

- A. If a client requests that D’Orazio & Associates recommend a broker-dealer/custodian for execution or custodial services, D’Orazio & Associates generally recommends investment management accounts be maintained at Charles Schwab & Company (“Schwab”) or Fidelity Investments (“Fidelity”) and their respective affiliates, both of which are SEC-registered and FINRA member broker-dealers and qualified custodians. Before engaging D’Orazio & Associates to provide investment management services, clients enter into a formal agreement with D’Orazio & Associates setting forth the terms and conditions for the management of the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. Depending on which broker-dealer/custodian clients select to maintain their account, they may experience differences in customer service, transaction timing, the availability of sweep account vehicles and money market funds, and other aspects of investing that could cause differences in account performance.

When seeking “best execution,” from a broker-dealer, the determinative factor is not always the lowest possible cost, but whether the transaction represents the best qualitative execution when considering the full range of a broker-dealer’s services including the value of research provided, execution capability, commission rates, and responsiveness. Although D’Orazio & Associates cannot guarantee clients will always experience the best possible execution available, D’Orazio & Associates seeks to recommend a broker-dealer/custodian that will hold client assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services.

D’Orazio & Associates considers a wide range of factors when recommending a broker-dealer/custodian, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear and settle trades (buy and sell securities for client accounts);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.);
- Quality of services (including research);
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices;
- Reputation, financial strength, and stability; and
- Prior service to D’Orazio & Associates and its other clients.

Schwab and Fidelity are compensated for their services according to their fee schedule, generally by charging clients commissions or other fees on trades they execute or settle into their custodial account. Although D’Orazio & Associates will seek competitive rates and seek best execution for its clients, D’Orazio & Associates’ clients may not necessarily obtain the lowest possible commission rates for all account transactions.

1. Research and Other Benefits

While D’Orazio & Associates does not receive traditional “soft dollar benefits,” D’Orazio & Associates and by extension, its clients receive access to certain institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically

available to Schwab and Fidelity retail customers. Schwab and Fidelity also make various support services available to D'Orazio & Associates. Some of those services help D'Orazio & Associates manage or administer its clients' accounts while others help it manage and grow its business. Schwab and Fidelity's support services generally are available on an unsolicited basis (D'Orazio & Associates does not have to request them) and at no charge to D'Orazio & Associates.

Schwab and Fidelity's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab and Fidelity include some to which D'Orazio & Associates might not otherwise have access or that would require a significantly higher minimum initial investment by its clients. These services benefit D'Orazio & Associates' clients and their accounts.

Schwab and Fidelity also make other products and services available to D'Orazio & Associates that benefit D'Orazio & Associates but may only indirectly benefit its clients or their accounts, such as investment research developed by Schwab, Fidelity, or third parties that D'Orazio & Associates may use to service clients' accounts. In addition to investment research, Schwab and Fidelity also make available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide pricing and other market data;
- Facilitate payment of our fees from other clients' accounts; and
- Assist with back-office functions, recordkeeping, and client reporting.

Schwab and Fidelity may offer other services intended to help D'Orazio & Associates manage and further develop its business. These services include:

- Educational conferences and events;
- Consulting on technology, compliance, legal and business needs;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants, and insurance providers.

Schwab and Fidelity may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to D'Orazio & Associates. Schwab and Fidelity may discount or waive their fees for some of these services or pay all or a part of a third party's fees. Schwab and Fidelity can also provide occasional business meals and entertainment for D'Orazio & Associates' personnel.

The availability of the services and products described above that D'Orazio & Associates receives from Schwab (the "Services and Products") provides D'Orazio & Associates with an advantage, because D'Orazio & Associates does not have to produce or purchase them. However, D'Orazio & Associates does not have to pay Schwab, Fidelity, or any other entity for Services and Products that Schwab and Fidelity provide. D'Orazio & Associates' clients do not pay more for investment transactions executed or assets maintained at Schwab or

Fidelity as a result of these arrangements. The receipt of Services and Products are not contingent upon D'Orazio & Associates committing any specific amount of business to Schwab or Fidelity in trading commissions or assets in custody. There is no corresponding commitment made by D'Orazio & Associates to Schwab, Fidelity, or any other entity to invest any specific amount or percentage of client assets in any specific securities or investment products as a result of the above. However, these arrangements nonetheless incentivize D'Orazio & Associates to recommend clients maintain their account with Schwab and Fidelity based on its interest in receiving Schwab and Fidelity's services that benefit its business rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of their transactions. This presents a conflict of interest. When making such a recommendation, however, D'Orazio & Associates does so when it reasonably believes recommending Schwab or Fidelity to serve as broker-dealer/custodian is in the best interests of its clients. It is primarily supported by the scope, quality, and price of Schwab or and Fidelity's services and not Schwab and Fidelity's services that benefit only D'Orazio & Associates.

2. D'Orazio & Associates does not receive referrals from broker-dealers.
 3. Directed Brokerage. D'Orazio & Associates does not generally accept directed brokerage arrangements (when a client requires that account transactions be executed through a specific broker-dealer). In those client-directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and D'Orazio & Associates will not seek better execution services or prices from other broker-dealers. As a result, the 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. If the client directs D'Orazio & Associates to execute 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 execute account transactions through alternative clearing arrangements that may be available through D'Orazio & Associates. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed after the execution of portfolio transactions for non-directed accounts.
- B. D'Orazio & Associates will generally execute account transactions for each client independently, unless D'Orazio & Associates decides to purchase or sell the same securities for several clients at approximately the same time. D'Orazio & Associates may (but is not obligated to) combine or "bunch" such orders to seek best execution, to negotiate more favorable commission rates, or to equitably allocate differences in prices and commissions or other transaction costs among D'Orazio & Associates' clients, which might have been obtained if the orders were 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. D'Orazio & Associates will not receive any additional compensation as a result.

Item 13 Review of Accounts

- A. For those clients to whom D'Orazio & Associates provides investment supervisory services, account reviews are conducted on an ongoing basis by D'Orazio & Associates' representatives. All clients are advised that it remains their responsibility to advise D'Orazio & Associates of any changes in their investment objectives and/or financial situation. All clients (in person or telephonically) are encouraged to review investment objectives and account performance with D'Orazio & Associates on an annual basis.
- B. D'Orazio & Associates 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 with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts. The custodian's statement is the official record of the client's account and supersedes any statements or reports created on behalf of the client by D'Orazio & Associates. Those clients to whom D'Orazio & Associates provides investment supervisory services will also receive a report from D'Orazio & Associates summarizing account activity and performance no less than annually.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, D'Orazio & Associates receives economic benefits from Schwab and Fidelity including support services and products without cost or at a discount. D'Orazio & Associates' clients do not pay more for investment transactions executed or assets maintained at Schwab or Fidelity as a result of this arrangement. There is no corresponding commitment made by D'Orazio & Associates to Schwab or Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangements.
- B. Neither D'Orazio & Associates, nor any of its representatives, directly or indirectly compensates anyone for client referrals who is not a supervised person of D'Orazio & Associates.

Item 15 Custody

D'Orazio & Associates has its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts. Those clients to whom D'Orazio & Associates provides investment supervisory services will also receive a report from D'Orazio & Associates summarizing account activity and performance no less than annually.

To the extent that D'Orazio & Associates provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by D'Orazio & Associates with the account statements received from the account custodian.

The account custodian does not verify the accuracy of D'Orazio & Associates' advisory fee calculation.

Item 16 Investment Discretion

Clients can engage D'Orazio & Associates to provide investment management services on a discretionary basis. Before D'Orazio & Associates assumes discretionary authority over a client's account, the client shall be required to execute a Financial Planning and Investment Management Agreement granting D'Orazio & Associates full authority to buy, sell, or otherwise execute investment transactions involving the assets in the client's name held in the discretionary account.

Clients who engage D'Orazio & Associates on a discretionary basis may, at any time, impose restrictions, in writing, on D'Orazio & Associates' 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, limit or proscribe D'Orazio & Associates' use of margin, etc.).

Clients that engage D'Orazio & Associates on a non-discretionary basis concurrently accept that D'Orazio & Associates cannot effect any account transactions without obtaining the client's prior consent. Therefore for example, if securities markets experience significant volatility, and the client is unavailable to provide consent to D'Orazio & Associates' recommended transactions, D'Orazio & Associates will be unable to effect such transactions as it would for its discretionary clients. Affected clients may suffer investment losses or miss potential investment gains as a result.

Item 17 Voting Client Securities

- A. D'Orazio & Associates does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities 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.

Clients enrolled in the SMA Program designate the SMA Program manager to vote proxies and corporate actions for the securities held in their accounts in accordance with the policies and recommendations of the SMA Program manager or a third party proxy voting service provider retained by the SMA Program manager for that purpose. Additional information about this arrangement is available upon request.

- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact D'Orazio & Associates to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. D'Orazio & Associates does not solicit fees of more than \$1,200.00, per client, six months or more in advance.
- B. D'Orazio & Associates 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. D'Orazio & Associates has not been the subject of a bankruptcy petition.